



Daily Report

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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

U.S. Arms Control Plan for Mideast Debated

Cheney Ends Visit to Egypt

OW0406125891 Beijing XINHUA in English
0843 GMT 4 Jun 91

[Text] Cairo, June 4 (XINHUA)—U.S. Defense Secretary Richard Cheney left here today, winding up a five-day visit to Egypt aimed at "deepening and strengthening" U.S.-Egyptian military cooperation.

During the visit, Cheney held talks with President Husni Mubarak, Defense Minister Lt. Gen. Muhammad Husayn Tantawi and Foreign Minister 'Amr Musa on boosting Egyptian-American military cooperation and security arrangements in the region following the liberation of Kuwait in late February.

Their talks also dealt with efforts exerted to push forward the Middle East peace process and U.S. President George Bush's arms control initiative concerning curbing weapons of mass destruction in the region.

Bush's initiative, announced last Wednesday, is aimed at ridding the Middle East of weapons of mass destruction, including nuclear, chemical and biological arsenal. The plan covers a freeze on building and purchase of such weapons.

But Cheney said during his visit that Washington will continue to provide its Middle East allies with their "legitimate security needs" for weapons despite the disarmament package.

"There is no inconsistency between saying on the one hand that we would like to slow down the excess acquisition of armaments in the region and saying on the other hand that we have a number of friends in the region and we want to work with them to enhance their security," Cheney said.

He said the U.S. "is eager to ensure the security of Egypt ..., and we want Egypt to have strong forces capable of repelling aggression whenever necessary."

Egypt wants the U.S. help to replace the old, East-bloc arms dating back to the 1960s, which represent about 60 percent of the Egyptian armed forces' equipment.

Before arrival here, Cheney visited Israel, where he promised more U.S. military aid and equipment to the Jewish state for use in future emergencies.

Fails to Secure Cooperation

OW0406140391 Beijing XINHUA in English
1037 GMT 4 Jun 91

["Bush's Mideast Arms-Control Plan Meets With Difficulties (By Li Sizhi)"]—XINHUA headline]

[Text] Cairo, June 4 (XINHUA)—U.S. Defense Secretary Richard Cheney left here today for home without getting the cooperation in pursuing President George Bush's Mideast arms-control plan.

Bush outlined his proposal a week ago as Cheney arrived in Israel for a three-day visit. His proposal is to curb the spread of weapons of mass-destruction—nuclear, chemical, biological and the missiles to launch them, and restrict conventional forces to a defensive role in the region.

Following talks with Israeli and Egyptian leaders, Cheney said Bush's arms-control initiative needs "a lot of follow-up and consultations."

Israel indicated willingness to reduce conventional arms but avoided the issue of non-conventional or nuclear weaponry.

Prime Minister Yitzhak Shamir told Cheney Friday that any Middle East arms control talks must focus on conventional rather than non-conventional weapons because Arab arsenals have "enormous stockpiles" of conventional weapons.

Arab states have not missed a point in the proposals that the freeze on the non-conventional weapons will maintain Israel's nuclear capability.

Egypt's Foreign Minister 'Amr Musa said he hoped "all countries in the region will commit themselves" to doing away with weapons of mass destruction.

That includes Israel naturally.

Syrian Foreign Minister Faruq al-Shar' said it seemed that Bush's plan would lead, if implemented, to promoting Israel's military supremacy.

A government spokesman in Jordan said, "Bush's plan could succeed if Israeli nuclear capabilities are placed under international surveillance."

If Israel, the only Middle East country with a developed nuclear capability, refuses to place its nuclear installations under international supervision, Bush's plan will get nowhere.

Another issue that causes problems is that as Bush called for freezing development of nuclear weapons and an eventual ban on all missiles in the Middle East, Cheney ensured the Israelis of U.S. readiness to finance the Israeli project of making "Arrow" missile killers.

Washington promised that it will pay 72 percent of the second-stage Arrow development costs of more than 200 million U.S. dollars.

Moreover, Cheney promised to provide Israel with 10 F-15 fighter jets and said the United States is stockpiling military equipment in the Jewish state for use in future emergencies.

This has caused uneasiness among Arab countries, and might spark off a new round of arms race in the Middle East that runs counter to Bush's aim.

Cheney, addressing a press conference here Saturday, said he did not see a contradiction between Bush's disarmament proposal in the Middle East and promising more military aid to "friends in the region."

"The idea that if nations are confident that they are secure, if they do not feel threatened, they are more likely to be prepared to take the risks that obviously need to be taken if there is to be a final resolution of the conflicts," Cheney said.

By sending Cheney to make his second shuttle to the region in a month, Bush reportedly intended to dispel Israel's fears, soften its intransigence and coax it into attending the proposed regional peace conference in the Middle East for a settlement of the 43-year-old Arab-Israeli conflict.

But after Cheney promised to give more U.S. military aid to Israel, Shamir still defies U.S. pressure to cede Arab lands Israel seized during the 1967 Mideast War, saying Israel "will never abandon even a clod of the soil of the land of Israel."

A Cairo newspaper, "EGYPTIAN GAZETTE," is right when it said Monday, "one wonders how can Bush's plan for curbing the Middle East arms race bear fruit at the time when its very initiator is replenishing the arsenal of an already armed-to-the-teeth country, which Washington has more than once blamed for blocking the Middle East peace drive."

U.S. Sales To Continue

OW0506025391 Beijing XINHUA in English
0152 GMT 5 Jun 91

[Text] Washington, June 4 (XINHUA)—U.S. Defense Secretary Dick Cheney said today that the United States will not stop weaponry sales to the Middle East, despite a U.S. proposal for arms control in the region.

"We simply cannot fall into the trap of...(saying) that arms control means we don't provide any arms to the Middle East," Cheney told U.S. reporters aboard his plane as he returned to Washington from a 10-day trip to Europe and the Middle East.

Cheney argued that U.S. cutoff of arms sales to the friendly nations in the region would be counterproductive if other states continue to buy weapons.

Last week, President George Bush unveiled a plan for disarmament in the Middle East, under which the world's major arms suppliers would meet on sales restraint measures and impose a ban on weapons of massive destruction in the Middle East.

Cheney acknowledged that completing an arms control agreement in the Middle East probably will be more

difficult than it was in Europe, where a conventional arms reduction treaty was reached after two decades of negotiations.

"At least in Europe the parties in the negotiations have diplomatic relations with one another," he said, "they don't in the Middle East. But I still think it's worth pursuing."

Meanwhile, the Pentagon has agreed to sell 20 Apache attack helicopters to the United Arab Emirates and as many as six unspecified military helicopters to Bahrain, THE ASSOCIATED PRESS reported.

This is at least the second weapons transfer to the Middle East announced by the Bush Administration since its unveiling of the Middle East arms control initiative.

While visiting Jerusalem, Cheney promised to give Israel 10 used F-15 fighter planes and cover three-quarters of the estimated 300 million dollar cost of Israel's Arrow missile development project. Cheney also said the United States would stockpile U.S. military equipment in Israel for use in any regional conflict.

Paper Analyzes Issue

HK0406132791 Beijing RENMIN RIBAO in Chinese
4 Jun 91 p 6

["News Analysis" by staff reporter Zhang Qixin (1728 0796 2500): "Prospects for Arms Control in the Middle East Unpredictable"]

[Text] Washington, 1 Jun (RENMIN RIBAO)—On 29 May, U.S. President Bush put forward a Middle East arms control proposal and officially put the question of how to contain armaments in the Middle East onto the agenda of the United States' policy toward the Middle East. Why the United States would make such a proposal and the effect it would have on the Middle East has become a real issue of concern to many people.

Arms control in the Middle East forms part of the entire U.S. strategy regarding the Middle East issue. As early as February of this year, when U.S. Secretary of State Baker was discussing the U.S. plan for a post-Gulf war Middle East, he was already citing "a change in the arms race and arms proliferation in the Middle East" as well as a restriction in the flow of weapons as among the important goals of the United States. In his 6 March speech to the U.S. Congress after the Gulf war, Bush also stressed the need to act immediately in order to prevent a new arms race in the Middle East. The United States maintained that with the end of the Cold War, the state of military confrontation had also eased. But while Soviet military might is still regarded as a threat by the Pentagon, the danger to the immediate interests of the United States and the West posed by regional conflicts is more real. In particular, the stability of the Middle East and the Gulf region, considered as the "lifeline" of the West by the United States, directly affects the national security and economic interests of the United States.

Hence, the United States has always regarded the control of this region's trend in armaments as a feature of its entire strategy. In the last two months, Baker made several visits to the Middle East in an effort to find a way to resolve the Arab-Israeli conflict and thus contribute to a smooth resolution of problems like arms control. But the results have been less than desirable, and Middle East peace talks have yet to materialize. It was against such a background that Bush announced his proposal for arms control in the Middle East. Just as was pointed out by a U.S. newspaper, U.S. authorities wanted to once again "bank on the victory in the Gulf war" in order to lay down the foundation for arms control.

The crux of the Bush proposal lies in a ban on the proliferation in the Middle East of weapons of mass destruction as well as their transport notably equipment like surface-to-surface missiles. The United States maintained that this type of weapons was the most "destructive to stability" and should be considered as the primary target of arms control efforts. After the Gulf war, this type of weapon owned by Iraq had either been destroyed during the war or banned by relevant resolutions of the UN Security Council. But in so far as the entire Middle East region is concerned, there is still no mechanism to control this type of weapon. The U.S. proposal put forth several concrete stipulations on this matter, the purpose of which is, in line with U.S. intentions, to prohibit Middle East countries from manufacturing or obtaining the raw materials to manufacture nuclear weapons, ban chemical and biological weapons, and freeze acquisition of and finally destroy surface-to-surface missiles.

Secondly, the U.S. proposal called for a restriction on the excessive expansion of conventional weapons in order to prevent arms transactions from getting out of hand and shaping up into a new arms race. However, owing to various reasons, the United States does not stop any arms sales.

As to the implementation of this proposal, the U.S. suggestion is for major arms exporting countries like itself, Britain, and France to hold a top-level meeting in the coming days in order to discuss the formulation of a "guideline" to restrict transfer of arms as well as to set up a mechanism for communication and regular consultation.

The Middle East is one of the hotspots of instability in the world, and a rational solution to the arms control issue is an important factor for peace in the Middle East. However, looking at the short term period, a reversal of the armaments trend in the Middle East will not be easy. It is hard to predict whether or not the current U.S. proposal would contribute to the realization of the arms control objective. The WALL STREET JOURNAL maintained that the proposal faces "major political and practical obstacles". These obstacles come principally from Israel, while others emanate from Western countries. According to a report by the WASHINGTON POST, Israel has "strong reservations" about Bush's proposal. After the Gulf war, countries like Egypt have

proposed that the Middle East be declared a region free of weapons of mass destruction (including nuclear weapons, chemical weapons and biological weapons) but this was rejected by Israel. Even though the present U.S. proposal is worded very carefully and does not mention any concrete timetable, it still encountered objections from Israel.

To be honest, the disputes and grievances among the Middle East countries are countless, but the principal one is caused by Israel's insistence on a policy of expansion and its attempt to realize a "great Israel" plan. This is one of the reasons for the purchase of weapons and stepping up of military might by many countries over a long period of time. Therefore, the premise for a change to this situation is to make an explicit change in the Middle East peace process. Secondly, it is necessary to carry out genuinely comprehensive and balanced control of the armaments of each country through consultations. However, it is difficult to realize these two things in the short term period.

Looking at the countries which have always supplied weapons to the Middle East, the United States and the Soviet Union should bear the biggest responsibility. According to relevant sources, in the last five years of the 1980s, based on the fixed prices of 1985, the annual sales of weapons in the world reaches either a low of 31.8 billion dollars or a high of 38.8 billion dollars, with the United States, the Soviet Union, France, and Britain accounting for roughly 90 percent of the total volume. After the war, many U.S. allies tried to import advanced weapons and technologies from the United States, while not a few people in various political circles and the arms industry of the United States also wanted to use the opportunity to accelerate arms sales. It is therefore evident that unless Israel changes its policy and the countries like the United States set an example by assuming their responsibilities, it will be very difficult to bring about arms control in the Middle East.

Reportage on Possible U.S.-Soviet Summit

Bush To Announce Date Soon

OW0506005091 Beijing XINHUA in English
0035 GMT 5 Jun 91

[Text] Washington, June 4 (XINHUA)—U.S. President George Bush said today he will announce the date for the long-delayed U.S.-Soviet summit in "the next couple of days."

Bush made the statement when announcing his nomination of Robert Strauss, a former chairman of the Democratic National Committee and international trade representative under President Jimmy Carter, as U.S. Ambassador to the Soviet Union to replace Jack Matlock. Strauss is 72.

His statement indicated that the two countries are close to complete the Strategic Arms Reduction Treaty

(START), which will cut back 30 percent of long-range nuclear weapons of both sides.

Administration officials said that the summit meeting between Bush and Soviet President Mikhail Gorbachev might be held at the end of June or in early July in Moscow.

White House spokesman Marlin Fitzwater said that the summit meeting not only will be held for signing the START treaty, but also for discussing many other matters between the two leaders.

Gorbachev Denies Date Set

OW0406180891 Beijing XINHUA in English
1517 GMT 4 Jun 91

[Text] Moscow, June 4 (XINHUA)—A Soviet presidential spokesman today denied certain Western press reports that the next Soviet-U.S. summit will be held in Moscow on June 25-27.

President Mikhail Gorbachev himself does not know the exact date of the summit, the spokesman said.

Earlier Soviet Foreign Minister Aleksandr Bessmertnykh, upon returning from Lisbon after attending the signing ceremony of the Angola peace accord, had said he would not rule out the possibility of another Soviet-U.S. summit during this summer if the negotiations on the question go smoothly.

Quayle Views Soviet, E. European Situations

OW0506092791 Beijing XINHUA in English
0627 GMT 5 Jun 91

[Text] Budapest, June 4 (XINHUA)—U.S. Vice President Dan Quayle said in a press conference here today that the Soviet Union can expect U.S. aid only when it implements deep-going economic and political reform.

On the suggestion to provide the Soviet Union with 150 billion U.S. dollars in aid, Quayle said the idea was not "serious." "The only feasible way" for the Soviet Union is "the gradual reform," he said, adding that U.S. taxpayers will not support the Soviet system whatsoever.

The U.S. vice president, who arrived here today, held talks today with Hungarian Prime Minister Jozsef Antall. Antall said the Hungarian-U.S. relations could be regarded as those between aligned nations without a treaty for alignment. Quayle said the United States takes itself as "part of Europe."

On Hungarian domestic situation, Antall said his country is facing many economic and foreign trade problems. The change of ownership has brought serious social tension. He hoped the United States will help Hungary in exports, especially farm product exports.

Quayle also met today with Hungarian President Arpad Goncz and President of National Assembly Gyorgy Szabad.

The U.S. vice president will leave here tomorrow morning.

Journal Expects New Trend in Japan-U.S. Ties

HK0406142391 Beijing SHIJIE ZHISHI in Chinese
No 9, 1 May 91 pp 14-15

[Article by Liu Jiangyong (0491 3068 3057): "Japan and the United States Harmonize Their Relations Once Again"—first paragraph is SHIJIE ZHISHI introduction]

[Text] On the question of establishing a "new world order", the United States cannot do without Japan's capital and political support; neither can Japan do without U.S. support for the realization of its own blueprint. New formulas and features may appear in the Japan-U.S. alliance.

The occasional discord which punctuates the Japan-U.S. alliance has considerable effects on Japan's interests. On 4 April, ignoring the fact that local elections were highly important then in Japan and that the government's annual budget was still under examination in the upper chamber, Prime Minister Toshiki Kaifu hurriedly went to the United States. This was his fifth meeting with Bush since becoming prime minister.

Warming Relations Between the Two Countries

Japan was supposed to welcome Bush to the country in January this year, but the Gulf war prompted the U.S. President to postpone his trip to Tokyo again and again. Then, after the Gulf war, Bush took the initiative to meet with government heads from Britain, France and other countries, but deliberately ignored Japan. All these made Japan feel that it had become an "outsider" in the "new world order" proposed by the United States. It is possible that the old blueprint characterized by the establishment of a Japan-U.S.-Europe coordination system with Japan and the United States as the core will vanish. What made the Japanese government even more insecure and furious was that in spite of its contributions to the Gulf war, the United States seems not to be appreciative at all. According to a survey by THE WASHINGTON POST, only 19 percent of Americans thought that Japan was trustworthy after the Gulf war, while 30 percent felt disappointed. Some media in the United States even described Japan as a "paper ally" and "post-war parasite". In view of the possible increase in Japan-U.S. contradictions under the new situation, experts from both two countries issued warnings that Japan-U.S. relations "were entering perilous waters". Not long ago, a report from Japan's Institute on International Affairs pointed out: "Anti-U.S. sentiment is on the rise" inside Japan and "could possibly rock the Japan-U.S. security structure." Similarly, a report from the "Committee on U.S.-Japan relations in the 21st century" in the United States also asserted that worsening Japan-U.S. relations could possibly lead to an "overall economic war" between the two countries, even the "dissolution of the Japan-U.S. alliance". The 50th

anniversary of Japan's bombing of Pearl Harbor which takes place on 7 December this year has added to the Japanese government's concerns about Japan-U.S. relations. It was at precisely this moment that an incident took place at an "international food and beverages festival" in Japan's Chiba county where the Japanese ordered the removal of U.S. rice samples. It was under such a backdrop that Kaifu decided to visit the United States in order to make clarifications and raise the temperature of the cooling relations between the two countries.

The Significance of the "George-Toshiki" Relationship

For Kaifu, this trip to the United States was well worth it. First of all, Bush and Kaifu established a so-called "George-Toshiki" relationship, that is, the leaders of the two countries call each other by their first names to demonstrate their closeness. Furthermore, the two men also focused on the discussion of the following issues and made definite progress on them:

- 1) Both sides further affirmed the Japan-U.S. "global partnership" and unanimously indicated their willingness to work together for the creation of a "new world order". Bush thanked Japan for its financial assistance in the Gulf war and, at the same time, asked Japan to support the U.S. proposed "plan for Latin America's democratization, development and cooperation" as well as provide cooperation for Nicaragua's "democratization" and for the American Development Bank. Kaifu has consented to these. As a gesture of generosity after the Gulf war, Japan will also "extend a hand" to Kurdish refugees and appropriately improve its relations with Israel.
- 2) Both sides reached a consensus on the need to play a leading role in "striving for the success" of the Uruguay Round. Bush pointed out directly: "The rice controversy has cast a shadow on U.S.-Japan relations," and he urged Kaifu "to take the lead in lifting trade barriers in the agricultural domain and cooperate for the success of the new round of talks." On this, Kaifu expressed hope that the United States would understand Japan's dilemma and he also indicated that efforts would be made to resolve this issue in the new round of talks. At the same time, he hinted that Japan could possibly open up its rice market symbolically.
- 3) Both sides agreed to ease the rising resentment against each other in their respective countries. Kaifu indicated that Japan will continue to be a "global partner" of the United States and put forward a "plan to improve Japan-U.S. exchanges". On the other hand, Bush stressed that Japan remains a vital ally to the United States. Answering reporters' questions, he stressed that both Japan and the United States should not hit at each other from across the Pacific Ocean as this concerns the national interests of both countries.
- 4) Both sides discussed Japan-USSR relations. Reports indicated that when Foreign Minister Nakayama visited the United States on 21 March, Baker had reminded Japan that in view of the Soviet Union's turbulent domestic situation, he hoped that Japan would be cautious in developing Japan-USSR ties. Meanwhile, during

his visit to the United States, Secretary General Ozawa told his host: "Improvement of Japan-USSR relations will be carried out within the framework of the Japan-U.S. alliance."

An Old Issue

The protracted trade friction between Japan and the United States has always been the key factor influencing bilateral relations. It has again led to two incidents.

One is the question of Japan's "liberalization of rice imports". At present, Japan's grain self-sufficiency rate is a mere 30 percent, with wheat accounting for 16 percent, and soybeans 6 percent; while in rice it is totally self-sufficient (80 percent of Japan's farmers produce rice). Since 1980, Japan's Diet has passed three resolutions stressing the following: To "ensure that Japan does not rely on imports for its staple food, rice," it is necessary to "uphold a policy of self-sufficiency in its domestic production". Even though the United States has repeatedly tried to open the door to Japan's rice market, it has never succeeded. One reason for the Japanese government's refusal to make any compromise is that many votes for the Liberal Democratic Party come from rice-producing farmers. Another reason is its concern that once rice imports are liberalized, it not only would not really help resolve Japan-U.S. trade friction but will make the United States ask for more instead. At present, Japan's annual consumption of rice is 10 million tons. Even if all of it is imported from the United States, it would only be worth around 3 billion dollars, not even 10 percent of the current U.S. trade deficit with Japan. As a major exporter of agricultural products, the United States has in recent years not only faced competition from the European Community, but also challenges from some grains-producing countries in the Third World. It has not been enjoying a good time. Consequently, the United States has placed increasingly greater importance on the Japanese market where rice is a staple food and which enjoys a tremendous trade surplus vis-a-vis the United States. During last year's Uruguay Round the U.S. delegates strongly demanded that all countries abolish agricultural subsidies as well as open up their markets in farm products. However, the proposal was not adopted because of joint opposition from the European Community, Japan and South Korea, leading to a suspension of the talks. At the moment, the United States is trying hard to seek an opening through Japan's "partial opening of the rice market" in order to pave the way for a top-level "political solution" at the G-7 heads of government summit in July this year as well as for a new round of talks. After the Liberal Democratic Party won its 12th local elections, some people in financial circles also suggested using this favorable opportunity to formulate a plan to partially open the rice market to the United States at the lowest minimum. But it is predicted that this proposal will encounter rough sailing. Kaifu's emphasis this time that the issue should be resolved at the Uruguay Round is in effect a "hint" that Japan would not open up its rice market for the time being on the excuse that the talks had failed.

Another possible source of new "sparks" is the "semiconductor friction". The "semiconductor agreement" concluded between Japan and the United States in 1986 will expire in July this year. Bush has asked for an extension or renewal of this agreement, while Kaifu has also agreed to do so in principle. But both Japan and the United States have their own respective views on how to implement and formulate the new agreement. The U.S. side claimed that according to the present agreement, Japan should allow a 20 percent share of the Japanese market to foreign semiconductors by 1990, but the market share last year rose to only 13.2 percent from 8.1 percent in 1986. The U.S. side has clamoured for a retaliatory tariff of 160 million dollars on Japanese exports to the United States like color televisions, home computers and others. On the other hand, the Japanese side has stressed that the 20 percent market share target was on a best-effort basis and not a commitment. It added that if targets are set through rigid stipulations, they would become "typical trade management" and constitute "unilateral sanctions which violate the General Agreement on Tariffs and Trade, and that Japan would not sign the new agreement unless they are withdrawn." To this day, the bilateral talks have not yielded any results.

Two New Special Features

Two new special features in Japan-U.S. relations may be seen through Kaifu's visit to the United States:

1) The Japan-U.S. trade imbalance is gradually easing, but the two countries' capability to absorb friction has declined.

During the press conference held jointly with Kaifu, Bush claimed: "As of 1990, the U.S. trade deficit vis-a-vis Japan has been going down for 3 consecutive years, while exports to Japan have grown by 75 percent. This has eased the tension in bilateral trade relations."

According to U.S. statistics, the U.S. trade deficit vis-a-vis Japan in 1990 stood at 41 billion dollars, roughly 8 billion dollars less than the previous year. The trend points toward a decreasing deficit from this year. However, cries about a crisis in Japan-U.S. relations have grown increasingly louder as relations between the two countries have become more strained. One reason is that even though Japan-U.S. trade frictions were intense in the past, they were both confronted by Soviet threats and were able to make some compromises more or less. As this is no longer the case today, the original contradictions between Japan and the United States have become more prominent. A U.S. survey in March this year showed that 60 percent of respondents believed that the threat to the United States in the next 10 years would come from Japan's economic might, while only 33 percent saw it coming from the Soviet military.

2) Japan is trying to ease bilateral trade frictions by taking advantage of the U.S. demand for capital and its need for Japan's cooperation on global issues. The

Japan-U.S. alliance could possibly continue on a new formula or with new features.

The United States' foreign trade deficit, financial deficit and net overseas assets in 1990 reached a high of 100 billion, 220 billion and 750 billion dollars, respectively. The U.S. desire to build a "world order" after the Gulf war cannot be achieved without Japan's financial assistance and technical cooperation. Bush not only wants Japan to continue providing funds for the Middle East and Latin America, but he also seeks Japan's cooperation on research regarding semiconductors. It is worth noting that Bush has not asked Japan to send personnel to take part in international conflicts and that he has expressed understanding of Japan's "constitutional restrictions". Kaifu also praised the United States' role as the "world's policeman" and indicated that Japan is willing to provide financial assistance. This could be the principal basis of a Japan-U.S. "global partnership" in the 1990s.

Furthermore, Japan would extend overseas development aid (ODA) according to the common strategic intentions of both Japan and the United States in order to demonstrate the important role it plays in the new international order. Reports have indicated that the Japanese government has recently decided "to change its aid policy based on the principle of non-intervention in domestic affairs" and has drawn up new aid conditions: 1) trends in military expenditures, 2) attitude toward non-proliferation of nuclear weapons, 3) trends in the export of weapons, 4) democratization and the human rights situation. To strengthen the Japan-U.S. alliance, Japan's Ministry of Self-Defense is also studying how to coordinate its actions with the United States in the Middle East. In the words of the Japanese themselves, it is support for U.S. actions around the world from the flanks.

In short, it is possible to gain a good understanding of how Japan and the United States will construct and harmonize post-Gulf war bilateral relations from Kaifu's visit to the United States.

'Notes' on Evolving PRC-USSR-DPRK Ties

HK0506072591 Hong Kong CHENG MING in Chinese No 164, 1 Jun 91 pp 16-18

["Notes on the Northern Journey" by staff reporter Lo Ping (5012 0393): "Communist China Set To Establish PRC-USSR-DPRK Alliance"]

[Text]

Political Bureau Formulates New Foreign Policy Based on Deng Xiaoping's and Chen Yun's Instructions

It pounded once, then again, from the eastern Soviet Union to the Middle East, and from the Danube to the Gulf; the two rounds of pounding disintegrated the original world political pattern. One of the biggest changes is that at present, only the United States is left as a superpower. The hi-tech U.S. weapons not only badly

defeated Saddam Husayn, but also deflated the self-made high and mighty image of communist China. Since "4 June," communist China has been sliding toward the depths of isolation, and now it has even come closer to the bottom.

What can be done? Communist China makes decisions according to the current domestic and international situations, and carries out some necessary adjustments of diplomatic policy. Communist China is anxious to secure its own position in the international community, particularly in Asia. After the Gulf war, the CPC Central Committee Political Bureau convened several special meetings to study and discuss the new diplomatic policy which China should adopt. Deng Xiaoping and Chen Yun gave "important instructions" for internal circulation. The Political Bureau has formulated a new diplomatic policy based on Deng's and Chen's instructions.

According to information, in February or March, Deng Xiaoping made a speech on the problem of the Soviet Union. Deng said: "The CPSU and the Soviet people, as well as their great president and party general secretary, have now tasted the bitter fruit."

Deng Xiaoping: I Think the Soviet Union Is Redeemable

"The crucial point of the new thought is to reach compromise with the West, to concede, to surrender, and to conform within the country," Deng said, "The world is really changing fast. In the previous year, when students stirred up trouble in Tiananmen Square, our situation was very difficult, and arguments on whether we should yield or not yield took place within the party. Eventually we resolutely resisted, without retreating a single step, not even half a step; suffering for a short while is better than suffering for a long time! Now, the politicians in the West have begun to judge the situation calmly, realizing that if China had followed the footsteps of the Soviet Union, the world would have no peaceful days!" He continued: "It is fortunate to see the Soviet Union's party and people wake up...I think the Soviet Union is redeemable, and I just do not believe that socialism with 70 years of history will collapse because of a few difficulties." Deng also said: "This is a bitter lesson for communists in the whole world!" adding "China and the Soviet Union are neighbors. The CPC and the CPSU have traditional friendship and cooperative relations; when they have difficulties, we must give them our hand and help them. Of course, on a problem of basic principle, we must not give up our stand."

Part One of the New Strategy: Build a Five-Nation Alliance

Based on the spirit of these "important instructions" by Deng Xiaoping, the CPC Central Committee formulated a new diplomatic strategy and policy. Among the several major principles of this policy are:

1) Build new friendly Sino-Soviet relations;

2) Further strengthen friendly relations with North Korea;

3) With friendly Sino-Soviet relations as the core,

establish a new socialist "alliance circle" comprising the five nations of China, the Soviet Union, North Korea, Mongolia, and Vietnam;

4) When facing the West, do not struggle over some trivial

problems, but make appropriate concessions so as to win economic aid from the West; in particular, utilize Japan's economic strength.

Communist China's Aims in Drawing the Soviet Union Over to Its Side

Jiang Zemin's visit to the Soviet Union signifies the new diplomatic strategy pursued by communist China, and the beginning of a new Sino-Soviet relationship. The CPC thinks that establishment of new cooperative relations between China and the Soviet Union is a big guarantee for resisting the "peaceful evolution" carried out in China by "Western antagonistic forces headed by the United States," and a big guarantee for materializing China's reunification. Through this kind of cooperative relations, the CPC hopes to draw the Soviet Union's conservative force to its side, strengthen it, and weaken and reduce the reformist force so as to let the conservative school lead Gorbachev around by the nose. The ultimate purpose is to save the Soviet Union's "socialism" and China's "socialism." Of course, the short-term goal is to acquire some badly needed "advanced technologies" from the Soviet Union, especially "advanced technologies" in the military area. The conservative forces within the Soviet Union also can not cope with the loss of superpower status by the Soviet Union. Because of this, they also want to make friends in Asia, in an attempt to rebuild their country's might. Out of consideration of the interests which can be acquired through reciprocal relations, the Soviet Union's reformist force also wants to go hand in hand with communist China. It can be said absolutely that the current Sino-Soviet relations are purely relations in which each side uses the other side. The relations characterized by the "friendship" and "alliance" of the 1950's are gone.

Here we can see how lamentable and regretful is this lonely old man of the CPC.

The Soviet Union Will Use All Its Strength To Help "Modernize" China's Weapons

Although the Soviet Union lags far behind the United States in military technology and equipment, it remains far ahead of communist China. Therefore, communist China still wants old (or semi-old) Soviet tanks and old (or semi-old) fighter planes, which can be bought with cash. Not long ago, the Soviet defense minister visited China and promised that the Soviet Union will use all its

strength to help "modernize" China's weapons. He said it will sell to China a large number of the "advanced" arms which it withdrew from Eastern Europe, at the lowest price, some even at the price of "scrap iron," if China will pay the transport fees. It has been alleged that the CPC Central Committee is very much interested in the deal.

Pilots, Artillery Troops, Armored Troops, and Paratroops Go to the Soviet Union for Training

Apart from buying weapons from the Soviet Union, communist China also sends military personnel to the Soviet Union for training. A number of pilots, artillery troops, armored troops, and paratroops will also be sent to the Soviet Union's military academies or units for training.

Communist China's artillery troops were founded right after the army, the earliest service arm that was established. At present, the biggest problem is arms modernization and transportation, and lack of well-trained commanders. In the past, because of the country's isolation for a long time, they did not know much about the development of artillery troops in the advanced countries. The difference was big; basically, they remained at the level of the 1960's and mid-1970's.

At present, the artillery units have selected the first group of 90 persons for training in the Soviet Union, and they are receiving initial training in China's artillery schools. The standard of the military cadres selected for learning in the Soviet Union this time is very high. First, they must have served in the artillery units for at least 15 years; second, they must be around 40 years old; third, they must be cadres at or above regiment level. The training period is temporarily fixed for one year. The second group of personnel to be sent to the Soviet Union for learning will be mainly selected from the artillery's general staff department; they will be massed by mid-August.

Russian Language Teachers Begin To Become Popular Again

In addition, communist China also wants to invite Soviet military personnel to teach in China's artillery schools and train their commanders.

As for the air force, up to early May the Beijing Air Force has selected 350 pilots for training in the Soviet Union; they are now staying at Beijing Air Force Guest House for training. The conditions for selection are very demanding; they must be party members, below the age of 40, and officers on the active list and at the rank of first lieutenant or above.

Seven units of the Beijing Air Force have opened Russian language classes; the headquarters ran an after-hours Russian language class at college level and invited teachers from Beijing No. 2 Foreign Studies University to give lectures. At present, Russian translation and Russian teachers seem to have become popular again. According to the Sino-Soviet agreement concerned, both sides will send interpreters to help the pilots who will

receive training in the Soviet Union, but the Chinese side must pay the fees for the interpreters from the Soviet side.

The CPC Central Committee General Office Retrieves Documents Issued Over the Years Criticizing Gorbachev

At the end of April, the CPC Central Committee General Office issued a document to various localities, demanding that party committees at various levels sort out the documents concerning the Soviet Union issued by the Central Committee in recent years, and retrieve these documents for the central authorities. These documents mainly held a critical attitude toward the Soviet Union and Gorbachev.

This was truly an about-face.

Another about-face in this aspect is to be found in publication and arts circles.

Some big publishers in communist China, including the People's Publishing House and the Beijing Publishing House, are editing and publishing a large number of Soviet literature and art works and books on social sciences—efforts are being made to publish Soviet history and philosophy, such as "A History of the CPSU (Bolshevik)," and the "Collected Works of Lenin," a total of 126 items. Due to the limited printing ability and quantity of paper, and because they want to use the chance to resist "bourgeois thinking," the CPC Central Committee Propaganda Department Publication Bureau and the state publication bureau have already issued an order demanding various localities reduce publishing Western, Hong Kong, and Taiwan materials. In addition, a large number of Soviet films, TV series, and dramas produced in the 1950's and 1960's are ready to be shown and performed again in theaters and cinemas throughout the country. At the same time, the state will allocate special funds to renovate or rebuild the "Sino-Soviet House," the "Sino-Soviet Friendship Cultural Exchange Center," and other cultural and sporting facilities.

Different Opinions Within the CPC on "Making a Rapid Turn" to the Soviet Union

In conclusion, along with the change in diplomatic strategy and Jiang Zemin's visit to the Soviet Union, Sino-Soviet relations in the military, political, economic, cultural, and scientific domains have entered a completely new phase.

Within the CPC, there are different opinions on making a rapid turn in the policy and attitude toward the Soviet Union. Some people say the Soviet Union cannot even take care of itself right now, so it would be meaningless to develop a new Sino-Soviet alliance at this moment. If the Soviet Union succeeds in reform then how can the CPC back down with good grace? Some people think that helping the Soviet Union at this moment will make the Soviet Union see clearly who is the real friend, and that the friendly relations established during a difficult time are the most solid. Li Peng, Jiang Zemin, and Yang

Shangkun are obviously in favor of a coalition with the Soviet Union. Deng Xiaoping has high hopes for the conservative force in the Soviet Union. He hopes that the Soviet Union's liberal reform will be suppressed, and therefore in principle he agrees with establishing new Sino-Soviet relations. Nevertheless, he stresses that the pace should not be too big, too fast, too hasty. It is alleged that Chen Yun also pointed out that: "It is necessary to watch out for changes in the Soviet Union; we ourselves should not make any move." Wang Zhen said at several high-level meetings that he did not trust Gorbachev, adding that Gorbachev is not able to accomplish anything but is quite capable of destruction. Wang Zhen also said he agreed with the Central Committee's big principle, but warned people they might "miss hitting the fox and making themselves filthy."

Party-Member Cadres Do Not Understand the Re-Emergence of "Sino-Soviet Friendship"

Except for the senior level, many party-member cadres do not understand the re-emergence of Sino-Soviet friendship. They said that during the 1969 Zhenbao Isle incident, the armies of both countries exchanged fire and almost came to a full-scale war; the Soviet Union was called "socialist imperialist" and upgraded to "number one enemy." At the end of last year and early this year, the party issued several confidential documents accusing Gorbachev of forfeiting Eastern Europe and the Soviet Union, saying that he was the biggest traitor to communism. However, that was only a short period of several months; now they are courting the Soviet Union, and both sides have frequent exchanges and talks at the leadership level. They actively publicize Sino-Soviet friendship and say they will develop Sino-Soviet relations. What on earth are they trying to do? An old cadre asked: "Has someone taken the wrong drug?" Many party members realize through "learning" that in the CPC's eyes, history is only a prostitute who can be played with at will.

Kim Il-song and Son Totally Support The Five-Nation Alliance

Over the years, the CPC has always maintained relatively good ties with North Korea. In recent years, when the CPC further strengthened ties with North Korea, it also developed economic relations with South Korea. The CPC's main principle is to maintain the current situation of two Koreas; now, because it wants to establish a three-nation (or five-nation) alliance, it grasps North Korea more tightly.

According to information, not long ago Li Peng arrived in North Korea. Representing the CPC Central Committee, he explained to Kim Il-song China's attitude, and briefed him on the arrangements for Jiang Zemin's trip to the Soviet Union. Because great changes have taken place in the Soviet Union—in particular, Gorbachev visited South Korea not long ago—North Korea was very dissatisfied with the Soviet Union. Li Peng's trip to North Korea was to convince Kim Il-song and his son to

consider the overall socialist situation and to look forward. According to internal information, Kim Il-song wrote a letter personally and handed it to Li Peng, whom he asked to give the letter to Jiang Zemin who would then give it to Gorbachev. The internal information also said that Kim Il-song and his son expressed total support for China's proposal concerning the building of a new alliance of five socialist countries including China, the Soviet Union, North Korea, Vietnam, and Mongolia.

The CPC Takes the Initiative in Expressing Good Will to Vietnam

Last year, Sino-Vietnamese relations experienced subtle changes. In order to ease up and further develop Sino-Vietnamese relations, particularly to establish the five-nation alliance with China and the Soviet Union as the core, the CPC took the initiative in expressing its goodwill to Vietnam. According to internal information, both China and Vietnam have expressed the view that it is necessary to consider the overall situation and to look forward.

The CPC will invite a delegation of the Communist Party of Vietnam to the ceremony marking the 70th anniversary of the founding of the CPC. Of course, delegations from the communist parties of North Korea, the Soviet Union, Mongolia, and Cuba, as well as other brotherly parties, will also be invited. In the next month, people will see how many little red cats—three, five, or more—will actually appear in the international arena. No matter what happens, this "three-nation alliance circle" or "five-nation alliance circle" is nothing more than a final performance of communism on an isolated island before it sinks.

Soviet Union

Party Warns Members Against 'De-Sovietization'

OW0506082491 Beijing XINHUA in English
0726 GMT 5 Jun 91

[Text] Moscow, June 4 (XINHUA)—The Soviet Communist Party has warned its members of a threat of de-sovietisation, saying that the idea, which is being imposed on the soviet society by some people, in fact means alienating broad masses of working people from state power.

According to TASS News Agency today, the warning was contained in a resolution by the party's Politburo recently on communists' role in the Soviets of People's Deputies at various levels.

The resolution said the Soviets of People's Deputies justified themselves historically and have not exhausted their potential.

The Politburo thinks that the Soviet Communist Party should participate more vigorously in forming the government and management bodies within the framework

of the country's Constitution and laws and exert an effective influence on the state's internal and foreign policies, it added.

The resolution pointed out that party committees and organisations at republican and other levels have tasks to collectively work out political policies on various major problems in social life and implement and safeguard the policies through their representatives in state departments and economic organs.

It called on the party's media to fully explain the experience of the Soviets' work and counterattack groundless charges and mental terror activities by some people's deputies.

Moscow Denounces Action of Georgian Republic

*OW0406182991 Beijing XINHUA in English
1536 GMT 4 Jun 91*

[Text] Moscow, June 4 (XINHUA)—Soviet Federation Council has sharply denounced in a statement Georgian authorities for the mass expulsion of ethnic Ossetians from the republic.

According to a report by Soviet news agency TASS today, the statement was adopted by the Federation Council while preparing a draft union treaty on the outskirts of Moscow.

"The flow of refugees from South Ossetia is growing," and "Ossetians are forced to leave the republic and are laid off from their jobs and have to abandon their homes and property," the statement said.

The Federation Council condemned the Georgian policy against ethnic Ossetians as "a gross violation of the Soviet constitution and international pacts on human rights".

"The Georgian leadership should abandon the anti-democratic and anti-humane course of driving Ossetians out of the republic," the statement said.

About 170,000 ethnic Ossetians live in South Ossetian Autonomous Republic within the boundary of the Republic of Georgia.

Ethnic clashes between ethnic Ossetians and Georgians have lasted for several months.

Gorbachev Departs Moscow for Norway

*OW0506111291 Beijing XINHUA in English
1009 GMT 5 Jun 91*

[Text] Moscow, June 5 (XINHUA)—Soviet President Mikhail Gorbachev is leaving here today for a working visit to Oslo, capital of Norway.

In Oslo Gorbachev is to meet with Norwegian leaders and to deliver a traditional lecture as a winner of Nobel Peace Prize.

Mr. Gorbachev won the prize last year but did not attend the prize-giving ceremony.

After his trip to Norway the Soviet president will proceed to Sweden for a short working visit.

Soviet Territory Attacked by Unidentified Plane

*OW0506023891 Beijing XINHUA in English
0120 GMT 5 Jun 91*

[Text] Moscow, June 4 (XINHUA)—Four were killed and several others were injured today when an unidentified jet plane dropped bombs on Namadguti-poen, a settlement in the Tajik republic of the Soviet Union.

According to the TASS news agency, the plane came from Afghan airspace and dropped five bombs directly on the settlement. Four bombs exploded, destroying a building and a bus-stop nearby.

The authorities concerned are investigating the incident.

Growth of Sino-USSR Relations Assessed

*HK0406121791 Beijing ZHONGGUO QINGNIAN BAO
in Chinese 13 May 91 p 2*

[Report by Moscow-based Staff Correspondent Wang Xianju (3769 2009 5282): "Two Years of Rapid Development of Sino-Soviet Relations"

[Text] The visit of the Soviet leader, Gorbachev, to China between 15 and 18 May 1989 has realized the normalization of Sino-USSR relations. Comrade Deng Xiaoping boiled it down to a few words, "ending the past, opening up the future" in generalizing the visit's significance.

It has been two years since then: How are Sino-USSR relations in economy, trade, science, technology, culture and education going? To what degree has cooperation developed? This reporter visited some relevant authoritative people at the Chinese Embassy to the USSR on the eve of General Secretary Jiang Zemin's return visit to the USSR on 15 May.

Economic Relations and Trade In his briefing, a commercial consul at the Embassy stated that while Sino-USSR political relations have strengthened over the past two years, their economic and technological cooperation has also continuously expanded. The two sides initialed scores of projects for cooperation involving energy resources, the metallurgical industry, transportation, machine-building, communications, light and textile industries, and agriculture. Sino-USSR trade has rapidly developed. Trade volume between the two sides was \$5.3 billion in 1990, a record high. Soviet foreign trade volume dropped by 6.4 percent in the same year, but increased by 26 percent with China. The USSR has become China's fourth largest trading partner, next only to Hong Kong and Macao, Japan and the United States.

Sino-USSR local and border trade volume was 1 billion Swiss francs (SwF) in 1989, and increased to SwF 1.7 billion in 1990. Some 200 cooperation projects have been initialed between the two countries' localities. China has dispatched some 15,000 personnel for labor service in various categories to the USSR. There are now 20 or so joint ventures involving Chinese and Soviet investment in the USSR.

Science and Technology "Regarding Sino-USSR cooperation in science and technology, the two sides complement each other's needs, as in their economic relations and trade. The USSR is rather strong in basic scientific research, basic industry and some areas of sophisticated science and technology. For example, its technologies for repairing converters without cooling them off, heavy-duty railway cars, and conveying coal dust by pipeline is of reference value to us, whereas China has advantages in agriculture, light industry, foodstuffs, electric home appliances, medicine, geology and seismology. There is great potential for cooperation between the two sides in science and technology," consul for science and technology Shen Qingjian [3088 1987 7003] spoke at length.

"Since the normalization of Sino-USSR relations, vaulting progress has been made in science and technological cooperation through government and nongovernment channels. Results have been achieved in agriculture, meteorology, nonferrous metallurgy and railway transportation. Cooperation in space has already begun. Regional departmental cooperation between Heilongjiang and Siberia, Xinjiang and Soviet Minor Asia, Beijing and Moscow, and Shanghai and Leningrad has also begun.

When Premier Li Peng visited the USSR in May 1990, the two sides initialed the "Program for Long-Term Sino-USSR Cooperation in Science, Technology and Economy by the Year 2000," which has an important significance in the development of Sino-USSR scientific and technological cooperation. In the wake of this the chairman of the Soviet State Commission for Science and Technology visited China and initialed an agreement for a plan for management cooperation in science and technology and the areas of remote sensors and new materials between the two relevant commissions. According to incomplete statistics, some 300 Chinese and Soviet scientific and technological delegations in various fields have visited the other side in 1990. A science and technology cooperation made up of multiple tiers, channels and forms has taken shape and has promoted Sino-USSR economic cooperation and trade."

Culture Cultural consul Xing Binshun [6717 4426 7311] talked about Sino-Soviet cultural exchanges with passion, saying: "The Chinese and Soviet peoples have shown deep interest in each other's culture and art. In 1990, 181 reciprocal cultural delegations and groups were sent, up by 41 from 1989. The famous Bolshoi ballet troupe of the Bolshoi theater, the State Circus and a Byelorussian song and dance troupe have visited China successively. The Great Circus gave 108 performances in

three months, and these were exceptionally grand occasions. The Liaoning acrobatic troupe, the Shanghai philharmonic orchestra, the Shanghai Beijing opera troupe, and the Xian Chinese classical art performance troupe were warmly received by Soviet audiences." Then he disclosed an "exclusive item of news" to me: The Siberian perma [bei e mu 1764 1422 1191] ballet troupe will give performances in China in the near future, while China's Northern Kun opera troupe will give performances in the USSR.

Consul Xing stated that active cultural exchanges in border areas have been one of the characteristics of Sino-USSR cultural operation over the past two years. There has been a continuous increase in exchanges between various associations for writers, artists and publishing houses. It is estimated that approximately 50 sports delegations from the two sides will visit each other this year. Presently, a new Sino-USSR three-year plan for cultural cooperation is under negotiation. Education "China and the USSR have completed the 1988-1990 plan for educational cooperation and expanded its scope," educational consul Jiang Rui [5592 3843] gave a detailed briefing on several major aspects of the development of Sino-USSR educational exchanges and cooperation.

Intercollegiate ties. In 1988, only eight pairs of universities in the two countries had intercollegiate ties. In May 1990, China's State Education Commission decentralized the power to establish intercollegiate ties to institutes of tertiary education. Presently, 47 pairs of tertiary education institutes have established direct ties. Cooperation in scientific research between them has already begun.

There has been an increase in reciprocal visits between educational delegations. Between 1988 and 1990 reciprocal visits between education commission delegations from both countries numbered 29. At the same time, some republics of the USSR have established direct ties in education with some provinces and cities in China.

Language teachers are sent to each other's countries. The Chinese side has contracted for approximately 40 Soviet teachers of the Russian language on an annual basis, who are spread among 37 institutes of tertiary education; whereas the USSR had contracted three Chinese teachers of the Han Language in 1988, the number has now risen to around 20.

The USSR sent 809 students to China between 1988 and 1990; presently 295 of them are still in China. At the same time, the USSR received 1,307 students sent by the Chinese State Education Commission. In addition to students sent by institutes and universities and self-funded students, there are presently 1,060 Chinese students pursuing postgraduate degrees in 130 Soviet institutes of tertiary education or scientific research institutes. A Soviet professor said: "Among foreign students, the Chinese have the strongest sense of discipline and work the hardest. They have a solid cultural background, and have made fast progress." Consul Jiang expressed the hope that Chinese students will work hard to maintain their good reputation in the USSR. In

addition, he disclosed that the Sino-USSR group for education cooperation would hold its fourth regular meeting in mid-May to summarize the implementation of the plan for education cooperation over the past few years and to exchange views on future plans for cooperation.

Civil Aviation Zhang Jingsheng [1728 0079 3932], an executive in the Moscow branch office of China's International Aviation Company, is young and capable. Last year, the office overfulfilled its passenger volume quota by 20 percent. In the first quarter of the year, its passenger volume almost doubled over the same period last year.

Aside from the Beijing-Moscow route, the Urumqi-Alma-Ata and Harbin-Khabarovsk routes have been established over the past two years. The Shanghai-Leningrad route will soon be open too, while negotiations on the Irkutsk-Shenyang route are under way.

"The greater the number of air-routes, the more advantageous it is to the development of Sino-USSR relations. The Sino-USSR air-route will become a "hot line," and a "golden air-route" at that."

Northeast Asia

Peng Chong Leads NPC Delegation to DPRK

Arrives in Pyongyang

OW0406172791 Beijing XINHUA in English
1415 GMT 4 Jun 91

[Text] Pyongyang, June 4 (XINHUA)—A Chinese National People's Congress (NPC) delegation headed by Peng Chong, vice chairman of the NPC Standing Committee, arrived here today for an official visit to the Democratic People's Republic of Korea (DPRK).

Yi Chong-ok, DPRK vice president and Politburo member of the Central Committee of the Workers' Party of Korea, and Yang Hyong-sop, chairman of the Standing Committee of the Supreme People's Assembly of the DPRK, met Peng at the railway station.

Meets Yi Chong-ok

OW0506090891 Beijing XINHUA Domestic Service
in Chinese 2344 GMT 4 Jun 91

[By reporter Li Nengqing (7812 5174 3237)]

[Text] Pyongyang, 4 June (XINHUA)—Peng Chong, vice chairman and secretary general of the Standing Committee of the National People's Congress [NPC], who was invited to pay a good-will visit to Korea, called on Yi Chong-ok, member of the Political Bureau of the Central Committee of the Korean Workers' Party [KWP] and vice president of the DPRK, in the Mansudae Parliament Building on the afternoon of 4 June.

Both sides held talks in a friendly atmosphere. First, Vice Chairman Peng Chong conveyed Vice President Wang

Zhen's regards to Vice President Yi Chong-ok. He also conveyed the regards of Chairman Wan Li to Chairman Yang Hyong-sop. He said Korea has achieved tremendous successes in all fields of endeavor for socialist construction under the leadership of President Kim Il-song. He expressed his belief that this visit of an NPC delegation to Korea will definitely contribute to friendly relations between the CPC and the KWP and between the peoples of the two countries.

Vice Chairman Peng Chong also briefed Vice President Yi Chong-ok on the political and economic situations in China.

Vice President Yi Chong-ok, first of all, expressed a warm welcome to Vice Chairman Peng Chong and the NPC delegation led by him on a visit to Korea. He said frequent exchanges of visit by high-level delegations of the two countries are conducive to consolidation and development of Sino-Korean friendship.

Yang Hyong-sop and Paek In-chun, chairman and vice chairman respectively of the Standing Committee of the Supreme People's Assembly of Korea; Korean Vice Foreign Minister Cha Pong-chu; and Chinese Ambassador Zheng Yi were present at the meeting.

Attends Banquet

OW0506081391 Beijing XINHUA in English
0207 GMT 5 Jun 91

[Text] Pyongyang, June 4 (XINHUA)—The Democratic People's Republic of Korea (DPRK) will continue its effort, even after its entry into the U.N., to keep its stand that the North and the South should jointly occupy the U.N. seat as one state representing the entire nation, a senior DPRK official said here today.

Yang Hyon-sop, chairman of the Standing Committee of the DPRK Supreme People's Assembly, made the remarks at a banquet for the visiting Chinese National People's Congress delegation.

Yang said in his address that in order to gain the initiative in dealing with South Korea's "plot" to join the U.N. alone, DPRK has recently decided to apply for its own U.N. membership.

It is reported that South Korea has announced that it would submit to the U.N. Security Council an application for United Nations membership at the end of June or in early July.

Welcoming the Chinese delegation, headed by Peng Chong, vice chairman and secretary general of the Standing Committee of the Chinese National People's Congress, Yang said DPRK wishes China to build up socialism with Chinese characteristics and gain more achievements in its efforts to realize national reunification.

Peng Chong said in a speech that China holds that the Korean reunification should be settled through North-South dialogues and consultations without foreign intervention.

DPRK Vice President Yi Chong-ok also met with the Chinese delegation, which arrived here today for an eight-day visit.

Li said in the meeting that DPRK hopes China to continue its development under the current complicated circumstances in the world, and China's persistence in socialism will be an encouragement to DPRK.

Beijing, Seoul To Sign Trade Agreement

HK0506090391 Hong Kong WEN WEI PO in Chinese
5 Jun 91 p 2

[Report by trainee reporter Chang Hung (1728 4767): "Beijing, Seoul to Sign Nongovernmental Trade Agreement"]

[Text] Beijing, 4 June (WEN WEI PO)—Zheng Hongye, chairman of the China Council for the Promotion of International Trade disclosed here today: Beijing has agreed to sign a people-to-people trade agreement approved by the governments of the two sides before official relations with South Korea are established, with which to promote the further development of their economic and trade relations. He went on to say: Representatives from China and South Korea will contact each other at the end of this month to exchange initial views on the significant contents of the agreement.

At today's interview with this reporter, Zheng Hongye also disclosed: Beijing's trade representative office in South Korea will begin officially accepting the handling of travel visas from South Korea to China as entrusted by the Chinese departments concerned. The service includes economic and trade ties between China and South Korea. The office will have a staff of 20 working personnel.

Zheng Hongye said: In the current economic and trade exchanges, trade occupies a prominent position. Total trade volume in 1990 was \$3.8 billion but the amount of investment was just about \$100 million. The main reason behind this state of affairs was that China and South Korea had not yet established diplomatic relations and thus there were doubts and misgivings among South Korean industrial and commercial enterprises about the protection of their investment rights and interests in China and mutual benefits and guarantees in terms of bilateral trade policy. Zheng Hongye said: Because of the relations between China and North Korea, establishing official relations between China and South Korea cannot be accomplished overnight. This being the case, we then considered ways of signing first a people-to-people trade agreement approved by the governments of the two sides.

South Korean Premier Attacked by Students

OW0406175591 Beijing XINHUA in English
1431 GMT 1 Jun 91

[Text] Pyongyang, June 4 (XINHUA)—South Korean acting Prime Minister Chong Won-sik was beaten Monday when he tried to give a speech at Seoul's

Hankuk University of Foreign Studies, according to a Seoul-based radio report monitored here today.

The 45-minute incident broke out just hours after President No Tae-u ordered a tougher crackdown on violent protests. The report said students kicked the prime minister and doused him with wheat flour as he was being led toward the school's main gate.

The report added that police rescued Chong from his attackers and detained some 364 students allegedly involved in the incident.

Chong, 62, who had served as education minister from 1988 to 1990, was appointed acting prime minister in a partial cabinet reshuffle on May 24.

Assailants To Be Expelled

OW0506100491 Beijing XINHUA in English
0747 GMT 5 Jun 91

[Text] Beijing, June 5 (XINHUA)—Eleven South Korean students will be expelled by Hankuk University of Foreign Studies (HUFS) for assaulting Prime Minister Chong Won-sik, a report reaching here today from Seoul says.

More than 1,000 policemen began going door to door near the university in eastern Seoul and questioned 364 students overnight after the egg-throwing incident Monday and released 183 in the next morning.

According to the report, Chong Won-sik, appointed prime minister on May 24, was giving his last lecture on how to guide students at the HUFS Graduate School of Education Monday afternoon when scores of students attacked him with eggs and flour.

A police spokesman said 16 students, including Student Council Chairman Chong Yon-taek, played key roles in the attack.

Surveillance was stepped up in the downtown boutique area of Myongdong, where Paik Foundation Hospital and Myongdong Cathedral are located, as the fugitive HUFS students were thought likely to try to hide in the two places to evade the police, the spokesman said.

Both the hospital, where reposes the body of a collegian who died during a demonstration on May 26, and the cathedral are havens for anti-government activists.

"The students seem to have carefully planned their crime," said Yi Wan-gu, head of the investigation team formed by Seoul Metropolitan Police headquarters.

"We will have to punish more students if we find that more were involved, Yi said, adding that student representatives would visit the prime minister soon to offer him a sincere apology.

Southeast Asia & Pacific**Yang Shangkun Visits Indonesia, Thailand****Seen Off by Li Peng**

OW0506015691 Beijing XINHUA in English
0135 GMT 5 Jun 91

[Text] Beijing, June 5 (XINHUA)—At the invitation of Indonesian President Suharto and King Phumiphon Adunyadet of Thailand, Chinese President Yang Shangkun left here this morning by special plane for a state visit to Indonesia and Thailand.

Yang is the first Chinese head of state to visit Indonesia in 28 years.

Seeing Yang off at the airport were Chinese Premier Li Peng, Vice-President Wang Zhen, Vice-Premier Wu Xueqian, Vice-Chairman of the Central Military Commission Liu Huaqing, Vice-Chairman of the National People's Congress Standing Committee Wang Hanbin, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference Hong Xuezhong, Secretary-General of the State Council Luo Gan, Vice-Minister of Foreign Affairs Qi Huaiyuan, Director of the Office in Charge of Foreign Affairs Under the State Council Liu Shuqing, and charges d'affaires of the Indonesian and Thai embassies here.

Accompanying the president on the tour are State Councillor and Foreign Minister Qian Qichen, Deputy Chief of General Staff of the Chinese People's Liberation Army Xu Xin, Vice-Minister of Foreign Affairs Xu Dunxin and Vice-Minister of Foreign Economic Relations and Trade Wang Wendong.

Entourage Listed

OW0506074591 Beijing XINHUA in English
0715 GMT 5 Jun 91

["For Asia-Pacific: Members of Chinese President's Entourage to Indonesia, Thailand"—XINHUA headline]

[Text] Beijing, June 5 (XINHUA)—Following are members of the party accompanying Chinese President Yang Shangkun on his visit to Indonesia and Thailand:

Qian Qichen, state councillor and foreign minister,

Xu Xin, deputy chief of the General Staff of the Chinese People's Liberation Army (PLA),

Xu Dunxin, vice-foreign minister,

Wang Wendong, vice-minister of Foreign Economic Relations and Trade,

Zhao Yutian, director of the President's Office,

Qian Yongnian, Chinese ambassador to Indonesia, and

Li Shichun, Chinese ambassador to Thailand.

Among the staff in the president's party are Wu Jianmin, director of the Information Department of the Foreign Ministry; He Ping, deputy head of the Equipment Department of the Headquarters of the PLA General Staff, and Zhang Xujiang, deputy director of the Asian Affairs Department of the Foreign Ministry.

Comments on Indonesia Ties

OW0506070191 Beijing XINHUA in English
0641 GMT 5 Jun 91

[Text] Beijing, June 5 (XINHUA)—Chinese President Yang Shangkun has said that the Sino-Indonesia relations have developed smoothly and there are no "major outstanding issues" between the two countries.

In a written interview with ANTARA NEWS AGENCY of Indonesia on the eve of his visit to Indonesia, President Yang noted that exchanges by government officials and non-governmental personnel of the two nations have increased and two-way trade jumped to 1.18 billion U.S. dollars in 1990 from 800 million U.S. dollars in 1989.

However, he said that "much remains to be done to further our bilateral relations." He stressed that the two sides need to enhance mutual understanding, to explore ways for expanding economic, trade, scientific and technological cooperation and to maintain consultations and strengthen cooperation on matters concerning the preservation of peace and stability in ASEAN region.

Yang, who starts his visit to Indonesia today, said that his visit aims to enhance friendship, expand cooperation and promote further development of bilateral relations. He is convinced that his coming visit will accelerate the development of Sino-Indonesia relations on the basis of the five principles of peaceful coexistence.

He told the news agency that every country has the right to choose its own social system, ideology, economic model and the road of development in light of its own conditions, adding that "the practices in international relations have proved that countries with different social systems and ideologies can live in peace and harmony and attain common development."

He reaffirmed that China has no intention to, and will never impose its model on other countries, and it respects the choice of the Indonesian people of their social system and road of development.

Referring to the fear of some people that the strengthened economic cooperation with China will only serve to consolidate the economic status of the people of Chinese origin in ASEAN region, President Yang pointed out that China does not recognize dual nationality and regards all those who have been naturalized or acquired the nationality of the country of their residence as nationals of that country.

"China strictly abides by the principle of non-interference in the internal affairs of other countries and

has no intention whatsoever to seek political or economic interests through overseas Chinese," he added.

On the settlement of the Cambodia issue and reconstruction of Indo-China, Yang said that China wishes to see an early, comprehensive, fair and reasonable settlement of the Cambodian question within the framework of the Paris conference and on the basis of the framework documents and draft agreement of the five permanent members of the U.N. Security Council.

The restoration of peace in Cambodia, he noted, will help the Indo-Chinese countries concerned in healing the wounds of war and rebuilding their homeland. He pledged that China will join the international community and contribute its share to the reconstruction of Indo-China.

The Chinese leader said that China, as a matter of principle, does not endorse setting up military bases or stationing troops by any country on territories other than its own.

But he said that American military bases in certain Southeast Asian countries are "a problem left over from history." He expressed the belief that the countries concerned will settle this problem properly through consultation.

He stressed that China endorses and supports ASEAN's effort to turn Southeast Asia into a zone of freedom, peace and neutrality, adding that Beijing also supports ASEAN in all its efforts to maintain regional peace and strengthen regional economic cooperation.

Talking about Japan's move to seek a greater political and military role in international affairs, the Chinese president recognized that Japan's economic strength is constantly growing and its influence in world affairs is also on gradual increase.

He expressed the hope that Japan will make "positive contributions" to peace, stability and development of the Asia-Pacific region and that of the world by taking advantage of its superior economic and technological capacity.

'Roundup' Views Relations

OW0506023191 Beijing XINHUA in English
0138 GMT 5 Jun 91

["Roundup: Sino-Indonesian Economic, Trade Ties Develop smoothly (by Yu Jingli)"]—XINHUA headline]

[Text] Beijing, June 5 (XINHUA)—Bilateral cooperation between China and Indonesia in the fields of economics and trade have developed smoothly since the two countries normalized diplomatic relations on August 8, 1990.

Chinese Premier Li Peng visited Indonesia last summer marking the resumption of diplomatic relations between the two countries. That was followed by Indonesian President Suharto's visit to China last November. The exchange of

visits by the senior leaders of the two countries laid a good foundation for friendly cooperation.

The signing of the first trade agreement by the two governments last August removed significant obstacles to doing business. Later, a Chinese company in charge of the import and export of machinery equipment signed a contract with Indonesia to provide the country with five generators worth 50 million U.S. dollars.

To promote further cooperation, both sides signed a memorandum of understanding to set up a cooperative committee on economy, trade and technology last November during President Suharto's visit in China.

Meanwhile, the two countries have also looked into an agreement for promoting and protecting investments, as well as agreements on avoiding double taxation and enhancing oceanic transportation.

In addition, the two governments signed an aviation accord on January 31 of this year. Under the agreement, China and Indonesia respectively ordered three air-transportation enterprises to operate regular air routes between the two countries.

Chinese airlines can travel to Jakarta, Surabaya and other cities in the country, while their Indonesian counterparts can go to Beijing, Shanghai and Guangzhou.

There will be direct air service between Beijing and Jakarta, which will provide favorable conditions for future exchanges between the two countries.

On February 22, China and Indonesia reached a cooperative protocol concerning geology. According to the protocol, mutual visits will be made between scientists, experts and delegations from the two sides. Personnel training, symposia and scientific information exchanges will also be conducted.

In an effort to further trade relations between the two countries, Indonesia sent a delegation of the country's Chamber of Commerce and Industry to participate in an international fair held in Beijing this April.

Six Chinese companies, such as the China Great Wall Industrial Corporation, attended an industrial trade fair in Jakarta, displaying products ranging from carrier rockets, tractors, refrigerators to electric shavers.

To date, Chinese exports to Indonesia consist of cotton, textile products, machinery, chemical items and mineral products in exchange for Indonesian lumber, rubber, chemical fertilizers and cement.

China and Indonesia have rapidly become important trading partners, with their total trade volume soaring from 800 million U.S. dollars in 1989 to 1990's total of 1.18 billion U.S. dollars.

Chinese President Yang Shangkun starts a state visit to Indonesia today at the invitation of his Indonesian counterpart, Suharto.

The visit will not only push forward the sustained, steady development of Chinese-Indonesian relations, but also inject fresh impetus into economic and trade activities between the two countries.

The Sino-Indonesian economic and trade cooperation based on equality and mutual benefit has tremendous potential and bright prospects for the future.

Papua New Guinea Official Continues Visit

Tours Jinan Province

SK0506025191 Jinan Shandong People's Radio Network in Mandarin 2200 GMT 4 Jun 91

[Text] Accompanied by Foreign Affairs Vice Minister Liu Huaqiu and Vice Governor Guo Changcai, the governor general of Papua New Guinea, Sir Serei Eri, and his wife and entourage who came to our province on a visit, visited Qingdao City on 3-4 June. Yu Zhengsheng, mayor of Qingdao City, made a special trip to the airport to greet them.

During the past 2 days, Governor General Eri visited five plants and enterprises including the Qingdao shirt making plant and the Qingdao Brewery, and praised China for its rapid economic development and achievements in foreign trade since its reforms and opening up.

He said: Papua New Guinea is a Third World country which declared independence in 1975. China's experiences in reform and opening up merit emulation by the Third World countries.

On the afternoon of 4 June, Governor General Eri and the distinguished guests from Papua New Guinea successfully ended their visit to our province and left Qingdao by special plane.

Departs for Home

OW0506090191 Beijing XINHUA in English 0643 GMT 5 Jun 91

[Text] Beijing, June 5 (XINHUA)—Serei Eri, governor of the independent state of Papua New Guinea, ended his state visit to China and left for home by air here today.

Chinese Vice-Minister of Foreign Affairs Liu Huaqiu and Papua New Guinean Ambassador to China Larry Hulo were among those who saw Governor Eri off at the airport.

During their stay in China, Eri and his party visited Beijing, Xian, Jinan, Qingdao and other Chinese cities.

Before departure Eri said that he was impressed by China's achievements in reforms and opening to the outside world, its long history and cultural relics, and the hospitality of the Chinese Government and people. UNCLAS 1E

Reportage on U.S. Bases in Philippines

Fighter Planes Withdrawn

OW0406135091 Beijing XINHUA in English 1136 GMT 4 Jun 91

[Text] Manila, June 4 (XINHUA)—The last three F-4 Phantom jet fighters flew out of the Clark Air Base today, making good an earlier promise by the United States to withdraw all its combat aircraft from the Philippines.

In a telephone interview with reporters, Major Wayne Crist of the Public Affairs Office of the Clark Air Base, some 80 kilometers north of Manila, said that henceforth there will be no U.S. fighter planes stationed permanently at Clark.

"This was part of our worldwide force adjustment and also because of our budgetary constraints," Crist said.

During the negotiations for a new bases agreement, U.S. special negotiator Richard Armitage announced in November last year that the U.S. was gradually pulling out its combat aircraft from the Philippines.

Armitage made the announcement after Philippine Foreign Affairs Secretary Raul S. Manglapus, head of the Philippine bases panel, demanded the return of complete Philippine sovereignty over Clark.

Crist said that the F-4 Phantom jets, all built in 1971, will be sent to the "boneyard," a high-tech junkyard at the Davis Montan Air Force Base in Tucson, Arizona.

He said that the retired aircraft at the "boneyard" will be disassembled so that its serviceable parts could be used as spare for other aircraft.

Asked how many jets were stationed at Clark before, Crist said that they varied from time to time.

He said, however, that the Third Tactical Fighter Wing stationed at Clark had 48 fighter planes.

Crist said that the only three Huey helicopters are left of the fighter wing.

He added that some 1,800 servicemen have been affected by the decision to pull out the fighter planes, mostly in maintenance, supply and finance.

Crist said that originally, the U.S. intended to replace the F-4 with the more modern F-15-E but the Pentagon has decided to send them instead to the U.S. base in Anchorage, Alaska.

Last month, the U.S. also pulled out from the Subic Naval Base U.S. Sterett, a guided missile cruiser which had been permanently stationed at Subic since 1981.

Clark and Subic are the two largest U.S. military bases overseas.

Bases Talks Analyzed

HK0406053391 Beijing RENMIN RIBAO in Chinese
26 May 91 p 6

["News analysis" by Wang Shifang (3769 1102 5364):
"Prolonged, Arduous U.S.-Philippine Talks on Military
Bases"]

[Text] U.S.-Philippine talks on the military bases, which
lasted for one year starting May last year, ended on 3
May after going through six rounds of intense talks. No
agreement has been reached so far by the two sides.

What obstructed the talks were issues concerning the
rental and lease terms of the U.S. military bases. The
Philippine side demanded that the United States pay
\$825 million to extend its use of Clark Air Base and
Subic Naval Base, of which \$400 million should be paid
in cash and the remainder by way of preferential trade,
debt reduction, and the purchase of military equipment.
Moreover, the Philippine side also demanded the extension
of the lease on the bases for only seven years, so that
the two bases can be taken back on the 100th anniversary
of the Philippines' independence in 1998. However, the
United States only agreed to pay \$360 as the bases' rental,
with a lease term of at least 10 years. Due to wide
gaps between the two sides, which made no compromise,
the differences were difficult to iron out. Nevertheless,
both sides left some margin during the talks. U.S. negotiating
panel spokesman Schrager said: "I think the talks
have made some headway, though no agreement was
reached." Philippine Foreign Minister Raul Manglapus,
chief negotiator of the Philippine side, also indicated:
"We are flexible." In fact, the last round of talks held in
late April and early May did make some headway; for
example, initial agreement on the legal status of personnel
in U.S. bases was reached in the talks. In addition,
judging from the three rounds of talks already held
this year, it is the general trend that the two sides
are gradually drawing closer. During the fifth round of talks
held in February, the two sides reached consensus on a
series of issues, including confirmation of the Philippines'
judicial rights over U.S. military personnel stationed in
the Philippines. Following the conclusion of this round of
talks, the United States and the Philippines set up a
"technical committee" to carry out further "technical
consultations" on some special issues. During the first 10
days of April, the United States and the Philippines
reached agreement in principle on the defense affairs of
Clark Air Base. Based on this agreement, the United States
and the Philippines can use the base together or separately.
In addition, the United States also agreed to return four
small-scale bases to the Philippines within this year.

In that case, is it possible that the two major knotty
problems of rental and lease term can be resolved before
the lease on the U.S. military bases expires this September?
It seems that this possibility is not nonexistent because
both sides, proceeding from their own interests, cherish
the hope of reaching a new agreement on the two

bases. As far as the United States is concerned, in its
efforts to safeguard its interests in Asia, Subic Naval
Base and Clark Air Base are indispensable "military
strongpoints" in terms of scale, equipment, function,
and strategic position which can still maintain their
strategic significance even when changes have taken
place in the international situation, and the Soviet
Union has reduced its military presence in the Asia-Pacific
region. Moreover, these two bases are of irreplaceable
importance especially during the period after the Gulf war,
when the United States is attempting to set up a U.S.-led
new world order and step up its interference in regional
conflicts. At a Congressional hearing last month, U.S.
Assistant Secretary of State Carl Ford [title as published]
stressed the extreme importance of these two military bases
to the "frontier defense" of the United States. He disclosed
that these two military bases made "tremendous contributions"
during the Gulf war. Ford emphasized that in order to
"attain the goals of our country," "the interest of the
United States in maintaining its military presence in the
Philippines will remain unchanged." In view of this, it
looks as if Washington will not take the rash step of
withdrawing from the bases out of absolute necessity.

On the Philippine side, although the continued existence
of the U.S. military bases will be harmful to its national
sovereignty and dignity, the Philippines indeed finds it
difficult right now to make a decision to ask the United
States to withdraw from its bases, for it is currently
pressed by political, economic, and military needs. Philippine
Defense Minister Fidel V. Ramos said not long ago that
the U.S. military bases should remain in the Philippines
because a sudden shutdown will damage the economic as
well as the national defense strength of the Philippines.
He emphasized that "it is extremely necessary...to maintain
a stable relationship with the United States for a certain
period of time, so that we can have enough time to enhance
our own national defense capacity."

At the same time, however, it cannot be overlooked that
although talks on the military bases are purely their own
business, the United States and the Philippines should
not neglect the opinions of neighboring countries on this
issue. The fact is that the ASEAN countries and Japan all
support the United States maintaining its military bases
in the Philippines. It has been learned that during his
visit to the Philippines in mid-April, Singapore Prime
Minister Goh Chok Tong "strongly demanded that President
Corazon C. Aquino allow the United States to keep its
major military bases in the Philippines."

Based on this situation and barring unforeseen contingencies,
it is possible that the United States and the Philippines
will reach agreement on the continued use of the bases
through further consultations, as well as through mediation
by relevant countries. It goes without saying that the new
agreement also should be approved by the congresses of
both countries. It seems that more unexpected turns and
difficulties will crop up during future U.S.-Philippine
talks on the military bases.

Near East & South Asia

Qiao Shi Meets Tunisian Government Official

OW0506081191 Beijing XINHUA in English
0528 GMT 5 Jun 91

[Text] Tunis, June 4 (XINHUA)—Qiao Shi, member of the Politburo Standing Committee of the Chinese Communist Party, met Tuesday with Tunisian National Assembly President Belji Caid Essebsi.

Essebsi, who has visited China twice, said that the two countries share identical views on many outstanding international issues. Tunisia is a small country, he noted, but it persists in independence and taking the initiative in its own hand.

Qiao, who is leading a Chinese Communist Party delegation, expressed appreciation for Tunisia's stand. He told Essebsi that China also persists in independence and taking the initiative in its own hand, and opposes power politics.

"China favors dealing with state-to-state affairs on the basis of five principles of peaceful coexistence and there is no way to force China to yield to pressure from outside," he added.

Qiao Shi also conveyed to Essebsi greetings from Wan Li, chairman of the National People's Congress of China and an invitation from Wan Li for Essebsi to visit China again.

Essebsi accepted the invitation and hoped China to play a greater role in international affairs.

Early this morning, Qiao Shi also met with Tunisian Minister of Agriculture Mouldi Zouaoui, who indicated Tunisia's hope to cooperate with China in developing agriculture.

Qiao expressed appreciation for Tunisia's plan to build 17 reservoirs and 2,000 small dams within 10 years. He said that China is ready to cooperate with Tunisia in building those irrigation works.

Liu Huaqing Meets Pakistani Military Group

OW0406135491 Beijing XINHUA in English
1221 GMT 4 Jun 91

[Text] Beijing, June 4 (XINHUA)—General Liu Huaqing, vice-chairman of the Central Military Commission, met with Admiral I.A. Sirohey, chairman of the Pakistan Joint Chiefs of Staff Committee, and his party here today.

In a cordial and friendly conversation, General Liu said that the Chinese people and army have always attached great importance to their friendship with the Pakistan people and army and that both sides have consistently maintained a very good relationship despite a changeable situation in the world.

Sirohey's visit to China, he continued, is a manifestation of such a good relationship.

The Pakistan visitors are to leave Beijing tomorrow for a tour of Xian, Guilin and Guangzhou.

Asian Group Discusses Agricultural Development

OW0406134691 Beijing XINHUA in English
1136 GMT 4 Jun 91

[Text] Kathmandu, June 4 (XINHUA)—Experts from seven member countries of the South Asian Association for Regional Cooperation (SAARC) converged here today to exchange knowledge for the development of agriculture in the region.

In all the countries—Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka, agriculture has been the predominant source of national income and of rural employment.

Addressing the opening of a two-day meeting of the 10th SAARC Technical Committee on Agriculture, committee chairman S.N. Regmi said that there are several issues, such as environmental degradation, which require joint collaboration.

Citing improved germ plasms as example, he said, technological advancements achieved in one member country can be of great value to other member countries.

He stressed the importance of the exchange of technical know-how and research materials, visits of scientists and exchange of information, and strengthening of communications.

H.B. Rajbhandary, secretary of the Nepalese Ministry of Agriculture, said that if the SAARC countries work together, there are enormous potentials to develop regional agriculture.

"Countries like India and Pakistan have already made significant headway in many areas of scientific agriculture which can be exchanged with other member countries of the region," he noted, adding that enormous genetic resources existing in the region have remained unexploited for crop and animal improvement.

"I think it is the right moment for us to review our past activities and identify our shortcomings and thereby prepare a realistic plan for future," he said.

SAARC was established in December 1985 for the sake of accelerating the process of economic and social development in the member states through joint action in certain agreed areas of cooperation.

Israeli Raid on Palestinian Bases Reported

OW0406125591 Beijing XINHUA in English
0939 GMT 4 Jun 91

[Text] Beirut, June 4 (XINHUA)—Six Israeli warplanes today launched an air-raid on Palestinian targets near the southern port city of Sidon, the Radio station "Voice of People" reported.

But the radio, mouthpiece of the Lebanese Communist Party, had no words on the death and injuries. It only said the planes fired 20 rockets in 30 seconds against the targets in the hills of Abra, Majdalioun and Salhiyeh, east of Sidon.

The radio said the attack lasted for 10 minutes and targeted Palestinian guerrilla positions and bases for the popular Nasserite organization militia.

Sidon is the provincial capital of south Lebanon, 40 kilometers from Beirut.

This was the 12th Israeli aid-raid on south Lebanon this year. At least 17 people were killed and 81 wounded in the previous attacks.

Israel warplanes reportedly raided a Palestinian guerrilla base yesterday near the Sidon city, killing two people and injuring eight others.

Yesterday's aid-raid coincided with a ceremony in Beirut at which Lebanon and Syria exchanged the documents of the treaty of "brotherhood, cooperation and coordination."

Israeli military and political leaders have warned that the Syrian-Lebanese treaty was a "threat" to Israel and a catalyst for another war in south Lebanon.

West Europe

Head of UK's Swire Group Visits Beijing

Meets Jiang Zemin

OW0506084791 Beijing XINHUA in English
0814 GMT 5 Jun 91

[Text] Beijing, June 5 (XINHUA)—General Secretary Jiang Zemin of the Central Committee of the Chinese Communist Party met with Sir Adrian Swire, chairman of the John Swire and Sons Ltd, here this afternoon.

They had a friendly conversation during the 40-minute meeting in Zhongnanhai, headquarters of the party and the government.

Present at the meeting was Rong Yiren, vice-chairman of the Standing Committee of the National People's Congress and chairman of the China International Trust and Investment Corporation.

Talks With Li Peng

OW0506084391 Beijing XINHUA in English
0631 GMT 5 Jun 91

[Text] Beijing, June 5 (XINHUA)—Chinese Premier Li Peng met with Sir Adrian Swire, chairman of the John Swire and Sons Ltd. of Britain, and his party here this morning.

Li reiterated the Chinese Government's principled stand on Hong Kong and expressed the hope that the John

Swire and Sons Ltd. would continue its efforts to help maintain prosperity and stability in Hong Kong.

Present at the meeting was Rong Yiren, vice-chairman of the Standing Committee of the Chinese National People's Congress and chairman of the China International Trust and Investment Corporation (CITIC).

The John Swire & Sons Ltd. has cooperation with China in a number of fields including aviation, industry, navigation, tourism and trade.

The guests arrived here Tuesday.

Li Peng Meets French Businessman

OW0106123491 Beijing XINHUA in English
1136 GMT 1 Jun 91

[Text] Beijing, June 1 (XINHUA)—Chinese Premier Li Peng met with J.P. Desgeorgs, president of the GEC Alsthom, and his party, and hosted a dinner in their honor here today.

They had a friendly exchange of views on closer economic cooperation.

Luo Gan, secretary-general of the State Council, was among those present at the meeting.

Desgeorgs, who is an old friend of the Chinese premier, arrived in China on May 29 as guest of the People's Government of the Inner Mongolia Autonomous Region.

Germany To Continue Technical Cooperation

OW0506060191 Beijing XINHUA Domestic Service
in Chinese 0244 GMT 4 Jun 91

["Germany Will Continue to Carry out Technical Cooperation with China"—XINHUA headline; by reporter Zhang Baoqing (1728 1405 7230)]

[Text] Bonn, 3 Jun (XINHUA)—The German Government will continue to carry out technical cooperation with China and undertake to ensure German companies' exports to China through the (He-er-mei-si) [6378 1422 2734 2448 name as published].

This was an announcement made by (Jia-lu-si) [0502 4151 2448 name as published], state affairs secretary of the Ministry of Agriculture, at the 10th Work Meeting of the German-Chinese Joint Group for Agriculture, Forestry, Food, and the Economy, held in Bonn on 4 June. (Jia-lu-si) pointed out the purpose of new agricultural cooperation projects between Germany and China is to inject more vitality into the economic relations between the two countries.

(Jia-lu-si) said that, at present, the interest shown by the economic sector in Germany for expanding trade and cooperation with China is increasing daily, and that the economic relations between China and the former German Democratic Republic will be incorporated in the scope of the work of the joint group.

The German-Chinese Joint Group for Agriculture, Forestry, Food, and the Economy was established in 1978. (Jia-lu-si) currently acts as chairman of the group.

Latin America & Caribbean

Jamaican Prime Minister Visits Beijing

Meets Jiang Zemin

OW0406133291 Beijing XINHUA in English
1140 GMT 4 Jun 91

[Text] Beijing, June 4 (XINHUA)—Jiang Zemin, general secretary of the Chinese Communist Party Central Committee, met with Michael Manley, prime minister of Jamaica, and his party here today.

According to an official of the Foreign Ministry, Jiang extended a warm welcome to the Jamaican guests, who have come from afar, and expressed his belief that their visit would help increase understanding and friendship between the two peoples.

On international issues, Jiang said that China has always followed the five principles of peaceful co-existence and maintained that state-to-state friendly relations of cooperation be developed on the basis of these principles.

"All countries, big or small, strong or weak, rich or poor, should be treated as equals," he said.

Jiang briefed the guests on China's domestic situation, and particularly on how China is undertaking economic construction according to its specific conditions.

"Based on our experience, we must, first of all, have political stability and unity in order to boost our economy," Jiang said. "We will continue our policy of reform and opening to the outside world, and build China into a modernized country under socialism with Chinese characteristics," he added.

During the 40-minute meeting, Manley described his discussions with Chinese leaders and relevant departments over the past two days as "constructive."

He said Jamaica and China have close and friendly relations of cooperation. He thanked Jiang for meeting him.

Confers With Yang Shangkun

OW0406133391 Beijing XINHUA in English
1209 GMT 4 Jun 91

[Text] Beijing, June 4 (XINHUA)—Chinese President Yang Shangkun said here today that the Chinese Government cherishes its friendly relations with Jamaica and is willing to make efforts to further develop these relations.

During a meeting with Jamaican Prime Minister Michael Manley at the Great Hall of the People, Yang expressed his belief that Manley's current visit will promote the friendly relations of cooperation between China and Jamaica to a new level.

According to an official of the Chinese Foreign Ministry, Yang said that Jamaica was among the first countries in the Caribbean to establish diplomatic relations with China. Since the establishment of diplomatic ties, he added, the two countries have steadily developed their political and economic relations, continuously increased their friendly exchanges and their mutual understanding and friendship. "The Chinese Government is satisfied with all this," he stated.

Yang said that the Caribbean is an important component of the Third World and China is pleased to see that the Caribbean community, as a regional organization, is playing an increasingly significant role in regional and international issues.

"Both China and the Caribbean countries belong to the Third World," the Chinese president said. "We always support and sympathize with each other," he added.

Yang wished the Caribbean countries new achievements in promoting peace, stability and development in the region.

He said that China cherishes its friendship with the Caribbean countries and is willing to develop friendly relations of cooperation with them on the basis of the five principles of peaceful coexistence.

During the meeting, Manley said that he is very happy to have the opportunity to meet with President Yang Shangkun, a veteran revolutionary who participated in the Long March.

Manley said that the cornerstone of the Jamaican foreign policy is to realize the unity of the Caribbean countries.

As a bridge in the Caribbean countries and Latin America, the prime minister said, Jamaica will work for the unity of all the countries so as to achieve peace and common prosperity.

Manley said that he knows that China adheres to the five principles of peaceful coexistence and carries out the policies of reform and opening to the outside world.

He said that his current China visit has confirmed his belief that China is continuously adopting these policies.

Ai Zhisheng, chairman of the Chinese Government reception committee and minister of radio, film and television, attended the meeting.

Signs Three Agreements

OW0506054691 Beijing XINHUA in English
0529 GMT 5 Jun 91

[Text] Beijing, June 5 (XINHUA)—Chinese Premier Li Peng and Jamaican Prime Minister Michael Manley attended a ceremony for the signing of three agreements on economic and cultural cooperation between the two countries at the Great Hall of the People here this morning.

The agreements on the economic cooperation between China and Jamaica, on China providing loans to

Jamaica, and on culture between the two countries were signed by Qian Qichen, Chinese state councilor and foreign minister, and David Coore, Jamaican minister of foreign affairs and foreign trade, on behalf of their respective governments.

After the ceremony, Li Peng had a cordial conversation with Manley before the latter left Beijing for Xi'an.

Manley reaffirmed his invitation to the Chinese premier to visit Jamaica.

Later, the Jamaican prime minister and his entourage, accompanied by Ai Zhisheng, chairman of the Chinese Government Reception Committee and minister of radio, film and television, left for Xi'an by plane.

Venezuelan President Expresses Continued 'Support'

OW0506103691 Beijing XINHUA in English
0722 GMT 5 Jun 91

[Text] Caracas, June 5 (XINHUA)—Venezuelan President Carlos Andres Perez said Tuesday that Venezuela is interested in Chinese reform and will continue its support to China.

Perez was meeting with the Chinese ambassador to Venezuela, Chen Dehe, who is leaving his post for home.

He said Venezuela did support China and its government in political affairs, especially when China was confronting difficulties. "We will support China in the future, as before."

Perez said China had an important role in the Security Council of the United Nations. "It is very important to understand each other, and our political views are very close."

He advocated tightening relations among developing countries, and noted that China could play an important role in this.

The president also expressed willingness to exchange views with Chinese leaders on international issues. He believed visits by the two countries' leaders benefitted the development of state- relations.

Chinese Ambassador Chen said his government attached great importance to the development of the relations with Venezuela.

Li Peng Interviewed by Mexican Paper

OW3005131091 Beijing XINHUA in English
1146 GMT 30 May 91

[Text] Beijing, May 30 (XINHUA)—Chinese Premier Li Peng gave an interview to Mario Vazquez Rana, president of the Mexican newspaper "THE SUN OF MEXICO" here today, and answered his questions on China's domestic situation, international issues and Sino-Mexican relations.

Political & Social**Reportage on Tiananmen Anniversary Continues****Foreigners Blamed**

*HK0406155291 Beijing XINHUA Hong Kong Service
in Chinese 1459 GMT 4 Jun 91*

[Report: "A Very Few Foreigners in Beijing Attempt To Stir up Trouble But Fail"—XINHUA headline]

[Text] Beijing, 4 Jun (XINHUA)—Beijing was tranquil last night and today and everything was in good order as usual. But a small number of foreigners tried to stir up trouble at Beijing University and somewhere else in town, but their attempt failed.

Recently some foreign reporters have come and stayed at the main entrance of Beijing University again and again. In defiance of the school's regulations concerned, they forced teachers and students entering and leaving the campus to accept their interviews and raised some provocative questions.

At about 2300 [1400 GMT] yesterday, nearly 100 foreign students appeared around the three post-graduate dormitories on the Beijing University campus. Some milled around, holding beer or soft drink bottles, whistling, and yelling. Some teachers advised them not to disturb Chinese students who were resting. But the foreign students turned a deaf ear to their advice and did not leave until around 0150 [1650 GMT], 4 June.

Meanwhile, some 30 foreign reporters who had been waiting along the road beyond the campus enclosing wall mounted up video cameras, being ready to shoot what was happening and make recorded interviews. Since their presence there had affected traffic order, policemen on duty there advised them to leave. Some foreign reporters refused to accept the policemen's advice but cursed them, took photographs of them and videotaped them. The reporters' acts disturbed the policemen who were performing normal duties. Despite the policemen's advice and intervention, the foreign reporters did not leave until 0200 [1700 GMT] the next morning.

At dawn on 4 June, nine foreign students arrived at the post-graduate dorm of People's University of China, which is approximately five kilometers from the Beijing University campus. They started whistling in front of the dorm in an attempt to incite the Chinese students there to start trouble but to no avail. Their activities lasted about 40-50 minutes.

Earlier at around 2000 [1100 GMT] on 3 June, two foreign women arrived at the Monument to the People's Heroes at Tiananmen Square, and placed two artificial red flowers in front of the monument in an attempt to provoke an incident, but were criticized by on-lookers. Later, they hurried to a car of the French Embassy parked at the square's west flank and drove away.

This reporter has found out today at the Beijing University campus that the head of the seven American students and a Dutch exchanged scholar who participated in the booing and hooting in front of the postgraduate dorm on the Beijing University campus wrote a letter of apology to university authorities, acknowledging that their behavior had violated the school rules.

When this reporter was covering the Beijing University campus today, a postgraduate said: "All of us students hope for a sound environment for studying. The booing and hooting of foreign students and reporters inside and outside the campus affected our rest and study. We hope the university authorities will adopt powerful measures to guarantee no repetition of such incident."

University Security Lifted

*HK0506044491 Hong Kong AFP in English 0431 GMT
5 Jun 91*

[Text] Beijing, June 5 (AFP)—The heavy police security put in place here for the second anniversary of the Tiananmen crackdown was lifted Wednesday morning after a night without incident.

The hundreds of police officers who were stationed around Beijing University left their posts at dawn, and calm prevailed on the campus and its neighbourhood, student sources said.

The only incidents reported took place Monday night, when students smashed empty bottles for about 40 minutes, hurling them from their dormitories.

The protest was symbolic because the Mandarin word for "small bottle" sounds the same as the given name of senior leader Deng Xiaoping.

A similar incident took place at Beijing University overnight Friday and a banner reading "We will never forget June 4" was attached to the window of a dormitory earlier last week.

Tiananmen Square, in the city centre, was reopened to the public and checkpoints set up overnight Tuesday on major streets were lifted.

The official press made no mention Wednesday of the anniversary of the bloody repression on June 4, 1989.

On Tuesday night, the XINHUA news agency accused foreigners, students and journalists of trying to provoke incidents.

The official agency said "two foreign women" put two silk flowers in front of the Monument to the Peoples' Heroes in Tiananmen Square, "attempting to create disturbances" before leaving "in a French Embassy car."

A French Embassy spokesman said the embassy was not aware of the incident and had no comment.

Commemoration in Square

HK0506051891 Hong Kong SOUTH CHINA
MORNING POST in English 5 Jun 91 P 11

[Text] A young woman dressed entirely in white stood in silence for about a minute in front of Tiananmen Square's Monument to the People's Heroes early yesterday afternoon.

"I came to remember," she said before quietly leaving the square apparently unhindered by the numerous uniformed and plain clothes police officers patrolling the area.

She was one of only a handful of people who braved the intense security in Beijing to publicly commemorate the second anniversary of the killings near the square.

A group of Japanese students from Beijing's Second Foreign Languages Institute sat quietly for nearly an hour earlier in the day just to the north of the monument which was itself roped off to the public.

"A number of my Chinese classmates were here two years ago," one of them said.

Beijing, Hong Kong Protests

HK0506033891 Hong Kong SOUTH CHINA
MORNING POST in English 5 Jun 91 pp 1, 11

[BY staff reporters in Beijing and Hong Kong]

[Text] While more than 50,000 people last night thronged Victoria Park for a candle-light commemoration of the June 4 massacre, students at Beijing University staged another bottle smashing protest.

At least a dozen bottles were thrown from two undergraduate dormitories to the south of the campus, with the most intense barrage occurring just before midnight.

University officials appeared rattled when the students began banging doors and yelling. There was no activity at the graduate dormitories, where Monday night's protest was centred.

University teachers, plain clothes police and at least one uniformed officer entered the dormitories around midnight in an attempt to calm the situation.

At about 12.30, 20 men who had earlier been patrolling the campus emerged from a shed between two dormitories and left the campus.

The crowd at Hong Kong's observance spilled over from the six football pitches of the Causeway Bay park into adjacent areas.

Candles provided a sea of flickering light throughout the three-hour rally, featuring sombre music and patriotic songs led by pop stars, including Anita Mui.

Police put the size of the crowd at about 50,000 at 9 pm, but admitted more people were arriving.

About 300 people lit white candles in Macao's Municipal Square in a similar gathering.

The Hong Kong Alliance in support of the Patriotic Democratic Movement in China, which Beijing has branded subversive, said more than 100,000 people turned up at Victoria Park.

Alliance chairman Mr Szeto Wah said the high turnout demonstrated that the people of Hong Kong had not forgotten the massacre.

Yesterday's events included a marathon run and small-scale memorial activities on campuses.

Although all were peaceful, police increased security around the Happy valley headquarters of the NEW CHINA NEWS AGENCY.

A police spokesman denied the additional deployment was made in response to a request from Chinese authorities, but said it was intended to ensure the mourning activities went off smoothly.

Mr Szeto laid a wreath at a monument in the middle of the park for the pro-democracy movement.

In his speech, Mr Szeto said the blood shed by the martyrs of democracy would not be in vain.

"Your blood enlightens thousands, enabling us to see through the real nature of the murderers, and at the same time to share your ideal and to carry on your unaccomplished mission.

"But one day we will pay our tribute to you for your contribution to China's democracy, freedom and human rights in front of the Monument to the People's Heroes at Tiananmen Square," he said.

Mr Szeto declared that the alliance would fight to the end for the release of the jailed activists, the reappraisal of the 1989 pro-democracy movement, the investigation of the massacre, the end of one-party dictatorship and the building of a democratic China.

The ceremony was followed by speeches given by representatives of the April 5th Action Group, Christian Industrial Committee, Hong Kong Federation of Students, Professional Teachers' Union, Democracy University, Democracy Forum, as well as representatives from show business and religious organisations.

Taiwanese businessman Mr Wu Meng-wu appeared at the assembly but his replica of the Goddess of Democracy statue, which had been shipped to Hong Kong, could not be displayed in the park.

The French-made statue was detained by the Customs and Excise Department at the weekend for "suspected smuggling checks".

Yesterday morning, about 20 Hong Kong University students ran from the Star Ferry pier concourse in

Central to the Pokfulam campus to show their commitment to democracy in China.

They were joined by 200 fellow students in a campus memorial event.

The City Polytechnic Students' Union also organised memorial activities.

The teaching staff associations of six local tertiary institutions jointly paid for a newspaper advertisement calling for the release of the jailed activists and reaffirming the 1989 movement as patriotic.

Papers Report Jiang Qing Death Without Comment

HK0506053291 Hong Kong AFP in English 0519 GMT 5 Jun 91

[Text] Beijing, June 5 (AFP)—All Chinese dailies Wednesday announced without comment the suicide here three weeks ago of Jiang Qing, widow of Mao Zedong and leader of the Gang of Four which spearheaded the Cultural Revolution.

The newspapers carried a brief dispatch from the official XINHUA news agency which said that Jiang claimed her life on May 14 at her residence in Beijing, where she was being kept under house arrest.

Major newspapers, such as the PEOPLE'S DAILY [RENMIN RIBAO], GUANGMING DAILY [GUANGMING RIBAO] and the LIBERATION ARMY DAILY [JIEFANGJUN BAO], carried the news on the last page or on inside pages.

Others, including the ECONOMIC DAILY [JINGJI RIBAO], CHINA YOUTH NEWS [ZHONGGUO QINGNIAN BAO] and LEGAL DAILY [FAZHI RIBAO], reported her death on page one.

Jiang, who was 77, had been under house arrest since 1984 and was undergoing medical treatment. It is thought that she suffered from throat cancer, though XINHUA did not state the reasons for her suicide.

Sentenced to death in 1981 for "counter-revolutionary crimes" during the Cultural Revolution of 1966-76, her punishment was commuted two years later to life imprisonment.

Her three partners in the Gang of Four, Zhang Chunqiao, Wang Hongwen and Yao Wenyuan, remain in prison. The clique is held responsible for widespread persecution during the Cultural Revolution.

Jiang Zemin, Li Peng Send Inscriptions to Studio

OW0206080391 Beijing XINHUA Domestic Service in Chinese 1030 GMT 30 May 91

[Excerpt] Beijing, 30 May (XINHUA)—Since its founding 10 years ago, the China Children's Movie Studio has made 43 movies that have brought joy to

children. Five of these movies—"Four Little Companions," "Five Tiger Generals," "The Adventure of Pigeon Fans," "The Young Peng Dehuai," and "Fragrant Snow"—have won nine awards at international movie festivals in recent years.

Jiang Zemin, Li Peng, Deng Yingchao, Chen Muhua, and Kang Keking sent inscriptions to mark the 10th anniversary of the children's movie studio. [passage omitted]

Li Peng Greets Women's, Children's Hospital

OW0206143991 Beijing XINHUA Domestic Service in Chinese 1137 GMT 1 Jun 91

[By Reporter Yu Changhong (0060 7022 3163)]

[Text] Beijing, 1 June (XINHUA)—A modern medical facility will soon be providing health services to tens of thousands of children and women. The women and children's hospital of the First Clinical Medical College of Beijing Medical University opens today, which also happens to be 1 June—International Children's Day.

At the opening ceremony, Luo Gan, secretary general of the State Council, read the congratulatory message from Premier Li Peng. The message said: The Party Central Committee and the State Council have always been concerned with the health of women and children. To meet the increasing needs of women and children in medical and health care, party committees and governments at all levels have put in a lot of effort. The vast numbers of medical workers have also worked hard.

In his message, Li Peng also said: I hope that all the comrades working in this field will adhere to the aim of serving the people, strive to enhance their professional skills, improve the standard of medical treatment, carry on the fine traditional of "saving the dying and treating the sick," establish good professional ethics, and make a positive contribution to the medical and health care of women and children in China.

The main building and auxiliary facilities of the women and children's hospital of Beijing's First Clinical Medical College cover more than 20,000 square meters, and have 380 beds. The honorary director of the First Clinical Medical College, Professor Yan Renying said: The ascent of perinatology in China inspires us to locate pediatrics with obstetrics and gynecology in the same building. This will enable the two disciplines to cooperate and learn from each other, and offer better guarantees to the eugenic policy of the state.

According to sources, the pediatric neurology and nephropathy sections of the hospital's pediatrics department is one of the best in China. In addition to the neoplasm, family planning and perinatology sections, the obstetrics and gynecology department also has a maternal and child care center and a coordination center for the World Health Organization.

Qian Zhengying and Chen Minzhang attended today's opening ceremony.

Wang Zhen Presents Gymnastics Awards

OW0206091591 Beijing XINHUA Domestic Service in Chinese 1302 GMT 31 May 91

[By reporter Jiang Hong (3068 4767)]

[Excerpts] Beijing, 31 May (XINHUA)— The Beijing "Heading Toward 2000" infant basic gymnastics demonstration meet closed at Beijing's Chinese Children's Center today after holding its finals. Yunnan's Chuxiong Prefecture kindergarten team won first prize for its outstanding performance.

Vice President Wang Zhen attended today's meeting. He presented prizes to the children of Yunnan's Chuxiong kindergarten team, and had a group photo taken to mark the occasion. Vice President Wang Zhen said: "I am very glad to have seen the contest, and I hope that children throughout the country will act in accordance with the teachings of Chairman Mao Zedong by studying hard every day. I wish children throughout the country a happy holiday." [passage omitted]

The national infant basic gymnastics demonstration meet, the first to be held, has attracted the interest of people from all walks of life. Among those who watched today's meeting were Li Menghua, president of the All-China Sports Federation; Ai Zhisheng, minister of radio, film, and television; Yang Yanyin, vice president of the All-China Women's Federation; Liu Jianzhang, advisor to the Work Committee for Caring About the Next Generation; and many veteran comrades and figures from gymnastics circles. They unanimously held that all children attending the meet have good basic training in gymnastics, their physiques are evenly developed, and their performance was very successful. After the competition ended, former star gymnast Li Ning chatted happily with the young contestants. He took them in his arms and posed for a group photo, bringing great joy to the children.

During the meet, a symposium on infant sports was held, and it caught everyone's attention.

Tian Jiyun Encourages Coast Shelterbelt Builders

OW3105134191 Beijing Central People's Radio Network in Mandarin 2130 GMT 27 May 91

[By reporter (Jiang Baohong); from the "News and Press Review" program]

[Text] It is expected that during the next five years, wild and unruly typhoons originating from the Pacific Ocean will have more difficulty moving over China's mainland. This is because a continuous shelterbelt is to be created over the next five years along China's 18,000-kilometer coastline from the Yalu Jiang estuary in Liaoning in the north to the mouth of the Beilun He, in Guangxi, in the

south. Presently, the Ministry of Forestry is organizing a meeting in Fuzhou to be attended by responsible persons from the forestry departments of the 10 provinces and municipalities and one autonomous region located in the nation's coastal areas. The purpose of the meeting is to make concrete plans for building this green wall.

In the past, inhabitants in the coastal areas of our country suffered severely from natural calamities, including typhoons, drought, waterlogging, tidal sea waves, and sandstorms. Now, 15 percent of the coastal areas are faced with soil erosion, and 35 percent of the crop lands in these areas are subject to sandstorms. As a result, 1 billion kilograms of grain are lost annually. On the average, the coastal areas are hit by more than nine disastrous typhoons each year. The best way to correct this situation is afforestation. Since liberation, coastal people have made unremitting efforts in this regard despite adverse natural conditions. As of the end of last year, trees had been planted on 10,000 km of the coastline, and 37 million mu of fields had been put under the protection of windbreaks—that is, the ecological environment had been greatly improved compared to the old days.

Beginning this year, the work of building coastal windbreaks will no longer be done by local authorities on their own, but will be planned and carried out as an integrated state project. During the Eighth Five-Year Plan, afforestation will be completed, by and large, along the 8,000-km unafforested coastline to form a continuous and fundamental coastal shelterbelt. Then, an additional 10 years or more will be spent to fulfill the overall plan. By that time, we will be able to basically control soil erosion in the coastal areas of our country, the percentage of forest cover in these areas will be close to 40 percent, and a basic ecological balance will appear. In the meantime, the investment environment also will be greatly improved, and these areas will be worthy of the name of the golden coast.

Vice Premier Tian Jiyun sent an ebullient letter to the national work meeting on coastal shelterbelt construction, which will open on 28 May. His letter encourages all concerned to make all-out efforts to do high-quality work in fulfilling this great task, which will benefit not only the people of our generation but posterity as well.

Zou Jiahua Inspects Sichuan 24-30 May

OW0306054891 Beijing Central Television Program One Network in Mandarin 1300 GMT 2 Jun 91

[From the "Night News" program]

[Text] Vice Premier Zou Jiahua inspected Panzhihua, Chengdu, Deyang, Chungqing, and Liangshan Yi Autonomous Prefecture in Sichuan Province from 24 May to 30 May.

He stressed: When we talk about a planned economy, we also must include the relations between the state and private sectors, the law of value, and economic efficiency.

While inspecting Sichuan, Zou Jiahua also put forward suggestions on how to utilize the natural resources in developing the economy. He said: Developing the economy in a planned and proportionate manner constitutes a law. It is very dangerous to develop a single-product economy for such a large country like ours. There also is a proportionate relationship in developing a local economy, however. It is both impracticable and impossible for a locality to develop in all directions and multiple categories. It should develop the local economy according to its own advantages and characteristics.

During his stay in Sichuan, Zou Jiahua also went deep into the Yi mountain villages to visit compatriots of the Yi nationality who became rich through hard work.

'Top Leaders' View Three Gorges Project

HK0406023591 Hong Kong WEN WEI PO
in Chinese 3 Jun 91 p 2

["Special article" by staff reporter Chen Chien-ping (7115 1696 1627): "Chinese Top Leaders' View on Three Gorges Project"]

[Text] It was learned that some days ago, a meeting was held by the central authorities and some departments concerned on the development of the Three Gorges project. The opinions of top Chinese leaders on this project were conveyed at the meeting. The main opinions of the top leaders are: First, regarding the necessity of starting the Three Gorges project, they held that, as people always think, the Huang He is a surface river and can easily overflow, but in fact, the Chang Jiang is also a surface river when it is in flood. It has only an embankment more than 30,000 km long. If there is a serious flood like those in 1931, 1935, and 1949, the situation will be very dangerous. They particularly mentioned the disaster of the Chang Jiang flood in 1954, which damaged more than 4,000 mu of farmland and affected more than 18 million people, including more than 30,000 deaths. Due to the flood, the Beijing-Guangzhou Railway could not operate normally for more than 100 days. To solve the flood problem fundamentally, it is necessary to build the Three Gorges reservoir. On the other hand, after the completion of the Three Gorges reservoir, energy supplies can be improved. The Three Gorges project has a capacity equal to seven thermal power plants, each capable of producing 2.4 million kilowatts of electricity. When developing this project, there is no need to build railways and open new mines as is needed by the construction of thermal power plants. Thus, investment in such projects can be saved. They held that as the Three Gorges project, having a large capacity for energy production, is well located in an area in which there is a great demand for electricity so it is not necessary to erect lengthy power transmission lines. Therefore, investment will be saved in this respect, as well. Moreover, it is also conducive to the development of the shipping business. At present, there are 139 dangerous shoals along the Chang Jiang. Owing to great vertical geological displacements, it is difficult to sail

against the current, but it is also dangerous to sail with the stream. After the completion of the Three Gorges project, these dangerous shoals will be submerged. It is estimated that the shipping business can thus be increased by 400 percent.

Second, theoretical reasons for the project. After the founding of New China, in view of the disastrous flood in 1954, the central authorities were determined to harness the Chang Jiang in a comprehensive way. An office in charge of this work was then set up under the State Council, and the work to harness the Chang Jiang, including the Gezhouba Dam project, was soon started. Even to this day, the work has never ceased. In the mid-1980's, with the completion of the Gezhouba Dam, the Three Gorges project was put on the agenda. The State Council gave some concrete instructions at that time on the construction of this project, including that the water level should reach 175 meters so that 10,000-ton class ships can sail on the river, but some experts at home and abroad, some members of the Chinese People's Political Consultative Conference, and some democratic party personages had doubts about and objections to this project. Thus, in 1986, the CPC Central Committee and the State Council decided to find new evidence for this development. To this end, some 140 experts (90 percent of them had senior titles, including research fellows, professors, and 15 members of the Scientific Council of the Academy of Sciences of China) were organized into 14 groups to carry out an overall survey on geological, seismological, hydrological, and economic matters, as well as the factor of war, so that they could provide new evidence for the construction of the Three Gorges project.

The work of finding new evidence for this project was completed recently. Most experts held that the project should be started and that the central authorities should make an early decision on this. They are in favor of the plan of "carrying out first-grade construction, completing the project in one move, retaining water by stages, and relocating people in succession." They also proposed that the water level of the Three Gorges dam should be 185 meters and its water storage volume should reach 39 billion cubic meters. As the Three Gorges project is a key water conservancy project, it should not be restricted by such factors as the ecological, silt, seismological, and war factors.

Third, the technological feasibility of the project. 1) The silt problem. Through mathematics, models, and computer calculations, it has been proved that a balance between the intake and outflow of water in the Three Gorges project can be maintained for at least the next 100 years. However, a precondition is that the current ecological environment on the upper reaches of the Chang Jiang should be preserved. 2) On the seismological issue, the experts believed that the project will not cause earthquakes. Even if there are earthquakes (taking an extreme viewpoint), it will not affect the security of the project. 3) The factor of war. The experts believed that modern nuclear wars, especially large-scale nuclear

wars, cannot break out without any indications or reasons. Thus, once there are indications of such a war, water can be let out in advance. There are many drainage works on the lower reaches of the Chang Jiang. If any accidents happen, they can drain the water in as little as a few days. Moreover, as the streams on the lower reaches of the Chang Jiang are long and narrow, the water can be kept within the streams rather than overflowing. Only the areas north to Shashi, Hubei Province will possibly be affected. 4) The ecological environment. The Three Gorges project is a typical river-course type reservoir. Usually, this kind of reservoir causes no harm to the ecological environment.

Fourth, economic rationality. In the construction of the Three Gorges project, a total of 87.89 million cubic meters of earth will be excavated. The following is a calculation on investment: Based on 1986 fixed prices, the net input will be 36 billion yuan. Based on 1990 fixed prices, the net input will be 57 billion yuan. However, if calculated with the current method for investment in capital construction projects (including interest), the highest input may reach 500 billion yuan and the lowest will be 200 billion yuan. The central authorities held that when the investment is made, it is necessary to take into consideration the factor that the materials will be allotted by the state at preferential prices in accordance with state planning. Therefore, the amount of funds will not be great. The main problem will be funds for the relocation of people and the formations of the construction teams. According to current calculations, when the Three Gorges project starts, some 300,000 mu of land will be submerged, including more than 70,000 mu of orange fields, and some 720,000 people—76 percent of them peasants—will be relocated.

State Council Sets Up Information Office

OW0406073591 Beijing XINHUA Domestic Service
in Chinese 0557 GMT 4 Jun 91

[Text] Beijing, 4 Jun (XINHUA)—The State Council has decided to set up the State Council Information Office, and has appointed Zhu Muzhi as its director and Zeng Jianhui and Zhou Jue as its deputy directors.

It is reported that the establishment of the Information Office is to intensify the work of introducing China to foreign countries, so as to promote the world's understanding of China, and to expedite friendly relations and economic, scientific-technological, and cultural exchanges and cooperation between China and various countries, so that China can do an even better job in deepening reforms and opening up more to the outside world.

As a multifunctional operating organ of the State Council, the Information Office's principal responsibility is to organize, promote, and coordinate relevant government departments to introduce China to foreign countries. After the establishment of the Information Office, the original responsibilities of other relevant government departments in releasing information to

foreign journalists and promoting cultural exchange with foreign countries will remain unchanged.

More on Office

HK0406023291 Hong Kong HONGKONG STANDARD
in English 4 Jun 91 p 5

[By Stanley Leung]

[Text] The Chinese State Council's new Information Office will work with other related departments to improve the system of releasing news and providing spokesmen for the foreign press, office deputy head Zeng Jianhui has told the official BAUHINIA magazine.

Zhu Muzhi, who heads the External Propaganda Leading Group under the Central Committee of the Communist Party, will run the office.

He told the magazine to further open the country, China and the rest of the world should understand each other more.

"This is a very complex project and needs a new body to co-ordinate and organise the activities," Mr Zhu said.

"So, the State Council has decided to set up this office to take charge of such task."

He said the office aimed to clarify misunderstandings and rumors about China.

Mr Zhu stressed the office would not replace the Foreign Ministry and Ministry of Culture's work on press releases and external exchanges.

Although he said the office would "enhance the implementation of party policies", Mr Zhu denied it would tighten control over foreign correspondents.

He said its objective was to help Western correspondents and journalists from Hong Kong, Taiwan and Macao to obtain more first-hand information.

Mr Zheng is a deputy head of the Central Committee's propaganda department and a former deputy director-general of Xinhua News Agency in Beijing.

The other deputy is Zhou Jue, an experienced diplomat for 37 years and a former ambassador to France.

Selected Works of Peng Zhen Reviewed

HK3105040991 Beijing XINHUA Domestic Service
in Chinese 2026 GMT 28 May 91

["Dispatch": "Introducing *Selected Works of Peng Zhen*"]

[Text] Beijing, 29 May (XINHUA)—The *Selected Works of Peng Zhen* (1941 to 1990), compiled by the Central Editorial Committee on Party Literature, has been published by the People's Publishing House. The works include 90 important telegrams, articles, and speeches made during the anti-Japanese war, the war of liberation, the 17 years after the PRC founding, and the four periods since the Third Plenary Session of the 11th CPC

Central Committee, of which 47 articles are made public for the first time. The following is a brief account of the contents of some of the works.

"Specific Policies for Shanxi-Chahar-Hebei Border Region and Experience in Party Building" is the gist of Comrade Peng Zhen's report to the CPC Central Committee's Political Bureau and Comrade Mao Zedong in 1941 when he was secretary of the CPC Central Committee's northern bureau. The Shanxi-Chahar-Hebei border region was regarded as an "exemplary anti-Japanese base area and united front behind the enemy lines" by the enlarged Sixth Plenary Session of the Sixth CPC Central Committee in 1938. This report made by Comrade Peng Zhen analyzed the political trends of the various classes and strata in the border region, explained the ground for laying down the party's basic policies and the focal point of implementing the policies at different periods, and comprehensively and systematically summed up the basic experience of the border region by integrating theory with practice. With approval of the CPC Central Committee, the report was transmitted to the party committees in the base area. Comrade Mao Zedong said that the report was a "Marxist one."

"The Question of Ideological Methods" is a summary report delivered at the rectification meeting of the Central Party School in July 1944. As vice president of the Central Party School at that time, Comrade Peng Zhen took part in leading the Yanan rectification movement. The report pointed out: The principle of rectification is to cure the sickness, save the patient, set thinking straight, and be magnanimous in drawing conclusions. It is necessary to oppose striking ruthless blows as well as stereotyped writing. The mass line should be followed in resolving disputes. Our stand is a proletarian one, and our viewpoints and methods belong to dialectical materialism. Essentially it is necessary to judge problems objectively and comprehensively, seek truth from facts, uphold truth, and correct mistakes at all times. The purpose of all this is to seek the unity of subjectivity and objectivity.

"On Urban Work in Enemy Occupied Areas" is the outline of a speech delivered at the seventh party congress in May 1945. Comrade Peng Zhen was acting head of the Central Organization Department and minister of urban work. When the anti-Japanese war was switched to the counteroffensive stage, the speech, in light of Comrade Mao Zedong's political report, set forth tasks of urban work in enemy occupied areas. The speech summed up the historical experience of our party's underground work and proposed the principles, policies, and struggle tactics of keen-witted cover and making use of legal means to unite the masses and conserve strength.

Eleven cables, including "Our Task is to Strive for the Whole of Northeast" (26 October 1945), and the article "The First Nine Months of the Northeast Liberation War" written by Comrade Peng Zhen in November 1988 to mark the 40th anniversary of the victory of the northeast liberation war, reflect the heroic struggles and major victories won by the northeast army and people

under party leadership during the early period of the liberation war (Comrade Peng Zhen was then secretary of the CPC Central Committee's Northeast Bureau and political commissar of the Northeast Democratic United Army). In the 1988 article, the author pointed out: To realize the strategic decision of striving for the northeast made by the Seventh CPC National Congress following the victory of the anti-Japanese war, the central authorities laid down the strategic principle of "developing toward the north and defending the south." At that time, the contradictions in the northeast were complicated and the situation was characterized by drastic changes. With the situation under control, the CPC Central Committee, the Central Military Commission, and Chairman Mao promptly and resolutely made plans in light of the changing situation and gave specific guidance to work in the northeast. The Northeast Bureau and the Northeast Democratic United Army headquarters strictly implemented the decisions, instructions, and orders of the CPC Central Committee, the Central Military Commission, and Chairman Mao. While shattering the military offensive of the Kuomintang reactionaries, they made unremitting efforts to mobilize the masses, expand the people's forces, swiftly strengthen the army, build democratic power politics, and establish bases, which laid the foundation for winning greater victories in the future.

"Do Good Urban Work to Greet the High Tide of Revolution" (speech made at the Beiyue urban work and cadre conference in July 1948) and "Master the Party's Basic Policies and Make Preparations for Entering Urban Areas" (speech delivered at Liangxiang to cadres ready to take over Peiping in January 1949) expounded the party's basic principles and policies after entering urban areas when the focus of party work shifted from rural to urban areas. The articles pointed out: Our general task is to overthrow the old political power and establish a new people's political power. It is necessary to use tactics and take various steps to thoroughly destroy and wipe out the remaining reactionary forces. Meanwhile, we should take note of differentiating old state organs from enterprise organs and deal with them in different ways.

"Restoring and Developing Production Constitutes the Central Task of Urban Work," the decision of the Peiping Municipal CPC Committee on Peiping's central work, was drafted in April 1949. After entering the city, the decision pointed out, the central task of Beijing [as published] municipal party, government, army, and people is to restore, transform, and develop production. All other work should be focused on and serve this task.

"Examine Style and Discipline" is a report delivered at a Beijing municipal meeting of party members in May 1950. To ensure that the party will never be corrupt, the report pointed out: First, we should rely on political, organizational, and ideological purity; second, we should rely on maintaining close ties with the masses and mass supervision; third, we should rely on criticism and self-criticism; and fourth, we should rely on regulations, law, and discipline.

"Running the Congress of People's Deputies Well and Improving Party Leadership Over Political Power" is part of a speech delivered at the first northeast conference of county magistrates and party members in October 1951. In the speech, he said that the current conference of people's delegates, which performs the functions of a people's congress, is our country's fundamental political system. It is the basic organizational form for the people of the whole country to exercise management over the state. In the work of political power, it is the best, most effective, and most important form, which follows the mass line. The report pointed out: The party must strengthen leadership over political power. Such leadership refers to political leadership, mainly considering the overall situation, proposing principles, policies, and tasks, and ensuring their correct implementation. Matters of state should be managed by the organs of state power.

"Strengthening Judicial Work," drafted in March 1953, is the excerpts of a report submitted by the party group of the Political and Legal Committee of the Government Administration Council (Comrade Peng Zhen was then secretary of the party group) to Comrade Mao Zedong and the CPC Central Committee. The report pointed out: The social reform movement to thoroughly wipe out the remnants of the three major enemies has basically come to an end. In the years ahead, it is necessary to strengthen regular building of the revolutionary legal system so as to ensure the smooth progress of the state's construction and prevent the interests of the people from being encroached upon. To this end, it is necessary to strengthen party leadership over judicial departments, enhance the cadre forces of the courts and procuratorial organs, overcome bureaucracy, and fundamentally improve the legal system. In September the same year, he pointed out in his article "The Main Task of Political and Legal Work" that political and legal work should serve socialist industrialization and socialist transformation, gradually implement a perfected people's democratic legal system, strengthen mass supervision and criticism from the bottom, protect democratic rights and the people, protect state property, and protect and promote further development of productive forces.

"All Citizens Are Equal Before Law" is a speech delivered at the Fifth National People's Congress [NPC] in September 1954. The speech expounded the principle prescribed in the constitution that all people are equal before law. The speech pointed out: Our country is a people's democratic country led by the working class. Everyone abiding by the law and all people are equal before law should and must be the guideline for the practical action of all people, state functionaries, and state organs. No one shall be allowed to be a privileged person who can overstep the law.

The "Report at the National Procuratorate Work Conference" (November 1954) advanced the notion that under the situation where planned economic construction had begun and a constitution had been promulgated, affairs should be handled according to principles

and policies as well as law. "The party has led us in formulating law and it will also lead us in implementing and enforcing law."

"Apply to Our Work the Highest Possible Standards" was part of the summing-up report made at the first Beijing Municipal CPC Congress in July 1955. The report suggested applying to our work the highest possible standards; that comparing oneself with backward elements, being contented with lagging behind and devaluing oneself would drain our work of creativity and ourselves of aggressiveness, making us all good-for-nothing fellows; that we must confront failures and mistakes in our work and be honest, admitting right is right and wrong is wrong and reporting things as they are. This is the communist party at its true color: No lies and no covering up of shortcomings or mistakes, much less concealing faults and glossing over wrongs, concealing one's faults for fear of criticism, or reporting only the good news and not the bad.

"Overcome Bureaucratism" was part of the speech made at the fourth session of the first Beijing Municipal People's Congress. The speech sharply and graphically criticized three kinds of bureaucratism. One was "watching foreign-language movies"—not a single problem was grasped or solved after looking at many of them. The second was "playing volleyball"—problems to be grasped and solved was shoved and passed like a volleyball. The third was "potatoes." Like the growing of potatoes, organs run their own business in ignorance of each other, without consultation or any connection. The speech pointed out that these three things did people a lot of harm.

"At the Forefront of Revolution and Construction" was written in November 1958 as an opening speech for the publication of Beijing Municipal CPC Committee's theoretical journal "QIANXIAN" [Frontline]. The article pointed out: Being at the forefront of revolution and construction means giving the greatest possible play to subjective dynamism according to the possibilities and necessity of objective reality, neither conservative nor leaning to the right nor relying solely on subjective passions nor blindly ridding roughshod over things. The transformation of society and nature could not be done in an emotional manner, or purely on the basis of fragmentary facts and surface phenomena, much less could we act like a kite or balloon, moving to wherever the wind takes us and handling jobs without a direction. We must, and can only, seek truth from facts and honestly and conscientiously discharge our jobs and change reality according to objective laws.

"Self-Consciously Walk the Historically Inevitable Path" was an address to a July 1972 rally attended by graduating college students in Beijing. The address pointed out that while most of us have average intelligence and talent, we differ greatly in our achievements and contributions. The fundamental reason is the different directions and paths each of us chose. I hope that students can choose their own life path and direction

according to the inevitable law of historical development, resolutely follow the lead of the communist party and wholeheartedly serve the people and socialism. Once they chose this direction and path, they must work hard to study Marxism-Leninism and Mao Zedong works, integrate themselves well with workers and peasants and continually transform themselves.

"On Trade Union Work" (December 1962) pointed out that one important job for trade unions is to organize workers to study Marxist and Leninist basic tenets and party principles and policies and to educate them in internationalism, patriotism, and socialism. If our country does not have this basic education or lacks socialist and communist thought in command, it will provide soil for revisionism. Party committees, factory managers and trade union cadres all must blend in with workers. Some people felt that with political power in hand, they could still issue commands without keeping contact with workers. But this would be dangerous. Apart from a correct political line, principle, and policy, there must be one more credo: No officialdom.

"On the Several Issues Related to Academic Discussion" is the excerpts of parts four and five of an address to a national meeting of cultural bureau chiefs and cultural department heads in September 1965. At that time the "leftist" tendency in cultural circles had become very serious. The address explicitly pointed out that political problems must be distinguished from academic and artistic problems. In an academic or artistic problem, the part that has political problems should be treated as such, while the rest that do not have political problems should not be carelessly mixed up with principled political issues, especially with issues involving distinction between the enemy and ourselves; nor should we jump to conclusions. Criticism must refute as well as contribute; and how can socialism be erected without refuting feudalism and capitalism? At the same time, thorough refutation would not be possible without positive contributions. Academic, cultural and artistic criticism is to make our academic institutions, culture, and art prosper, not wither. Truth must be verified with practice. All people, whoever they are, should adhere to truth, ready at any time to correct mistakes. Everyone is equal before truth.

"Speech at the Central Work Conference Northeast Group" (April 1979) was Comrade Peng Zhen's speech at a central conference shortly after he resumed work. The speech pointed out in a clear-cut manner: To realize the four modernizations we must adhere to the four cardinal principles. Now one prominent problem is how we view the position represented by Comrade Mao Zedong and Mao Zedong Thought. We objected to Lin Biao's nonsense of "every word uttered by Chairman Mao is truth" and "his one statement can override ten thousand statements." But some people have gone to another extreme and doubted and negated everything. If we give up Mao Zedong Thought, we will in fact be giving up the Marxist and Leninist stand, and this will inevitably lead to ideological confusion in the whole party, army, and nationalities of the whole country and confusion on the entire revolutionary frontlines, paining

our friends and delighting our enemies. Looking at the future, we must insist on holding high the banners of Marxism-Leninism and Mao Zedong Thought and pay serious attention to liberalization and anarchist thought. At the same time, we must remember the lessons taught by the experience of the anti-rightist struggle, that we must distinguish strictly and properly handle contradictions of two different natures, and we must not allow the storming, disturbances, and disorderly acts of a small number of bad people to shake our determination to expand innerparty and people's democracy and insist on the ideological line of seeking truth from facts.

"Notes Explaining Seven Draft Laws" was a report at the second session of the Fifth National People's Congress in June 1979. In the three months after Comrade Peng Zhen resumed work, he presided over the formulation of the seven draft laws of local organization, elections, crime, and criminal suits, and on the organization of courts and procuratorate organs, and China and foreign joint venture enterprises. The report spelled out the guiding thoughts and basic principles of the seven draft laws, pointing out that to adapt to shifting work focus and needs of economic structural reform, significant reforms have been carried out in local political organizations and election systems. Chiefly these were: Correcting the "proletarian dictatorship" concept confounded by Lin Biao and Jiang Qing and company, restoring the concept of "people's democratic dictatorship," instituting standing committees at local people's congresses at or above county level, changing local revolutionary committees of all levels back to people's governments, instituting multi-candidate elections, and widening direct elections of people's congress deputies to county level. The report stressed that our law represents the interests and will of people of the whole country as well as reflecting and highlighting party policy and views. When law is in the hands of the people, it becomes a powerful force for safeguarding the socialist democracy and legal system.

"On the Work of the Standing Committees of Local People's Congresses" (April 1980) spelled out problems such as the missions and official powers of the standing committees of local people's congresses, and their role as state power organs and in connection with adherence to party leadership, stressing that the fundamental way to prevent the seizing of party and state leadership power by conspirators and careerists such as Lin Biao and the gang of four lies in democratic centralism. We must make people hold the fate of the state in their own hands through state institutions established by law. Law was made under party leadership, and party members are obeying party leadership when they obey the law.

"Speech Addressed to the Public Gallery of the Special Court" (November 1980): At that time Comrade Peng Zhen was also head of the commission for guidance to the "two trial cases" of the central authorities. The speech pointed out that the trials must first strictly distinguish political mistakes within the party and among the people, from the kind of counterrevolutionary crimes committed by Lin

Biao's and Jiang Qing's counterrevolutionary gangs. This is the fundamental principle. The trials must be conducted in strict accordance with law, "based on facts and with law as the only criterion."

"Speech at the Forum on Public Order in Five Major Cities" (May 1981), "Political and Judicial Work in the New Era" (July 1982), "Speech at the National Political and Judicial Work Conference" (January 1985), and "A Number of Issues Concerning Political and Judicial Work" (March 1987) give a comprehensive exposition of the tasks, principles, policies, and organizational building regarding political and judicial work in the new era. The following points are made in these documents: (1) The fundamental task of political and judicial work in the new era is serving the socialist modernization drive under the guidance of the four cardinal principles. (2) It is necessary to deal heavy blows to offenses that seriously impair social order and sabotage the economy and to launch a resolute battle against violations of socialist spiritual civilization to guarantee the smooth progress of reform and opening up and the four modernizations drive. (3) The social order at present is not good. It is imperative to give heavy and prompt punishment, in accordance with the law, to active criminal offenders who cause serious damage to social order, especially abettors and principal criminals. Being indulgent and lenient towards them means cruelty to the people. We should treat the majority of juvenile offenders as parents do their children who have caught an epidemic or doctors do their patients, and nurse, educate, persuade, and transform them. Crackdown and punishment alone will not work. (4) It is necessary to make energetic efforts to upgrade the political and professional quality of political and judicial workers. Political and judicial departments must be politically, ideologically, and organizationally pure. They should: Closely follow the party as the leadership and rely on the masses; heighten their vigilance and cope with the firing of sugar-coated bullets from different sources. We should never apply struggle tactics for tackling hostile forces in our party or within the people. Political and judicial cadres should study the basic theories of Marxism-Leninism and use the Marxist-Leninist stand, viewpoint, and method to conduct investigation and study of practical questions and handle matters in accordance with actual circumstances.

"Speech at the Forum on Civil Law" (May 1981), "On Legislative Work" (January 1985), and some other speeches in this collection put forward the guiding ideology and basic principles of our country's legislative work. They mainly include: (1) Legislation should be guided by Marxism-Leninism, base itself on the constitution, suit the requirements of the reform and opening, and serve the socialist modernization drive. (2) In legislation, we should proceed from China's realities and affirm in a legal form the correct policies and mature experiences that have been tested through the practice of revolution and construction. In order to make laws for new major problems and reforms, we must conduct mass explorations and experiments which constitute a stage

wherein the validity of new laws is tested through social practice. This is a general experience of legislation which may also be considered a law of it. (3) In legislation, we should study and draw on experiences in China and abroad, both ancient and present, rejecting the dross and assimilating the essence that benefits us. (4) In legislation, we should follow the mass line, listen to the opinions from various quarters, be resourceful and decisive, pool the wisdom of the masses, practice a high degree of centralism on the basis of a high degree of democracy. (5) Laws should be comprehensive but not complicated. They should be brief, to the point, and easy for the masses to grasp.

"Report on the Draft Amendment of the Constitution of the People's Republic of China" was presented at the Fifth Session of the Fifth NPC in November 1982. This report explains the stipulations in the draft constitution regarding our country's system of people's democratic dictatorship, economic system, socialist spiritual civilization, state organs, national unification and nationality solidarity, and independent and self-reliant foreign policy. It points out: The draft constitution scientifically sums up the historical experience of our country's socialist development and reflects the common aspirations and fundamental interests of the people of all nationalities across the country. The general guiding ideology of the draft constitution is the four cardinal principles, which are the final choice of the hundreds of millions of people in China through their protracted struggle, the common political ground for their unity in marching forward, and an ultimate guarantee of the smooth progress of socialist modernization drive. To uphold the four cardinal principles under the new historical circumstances, we must integrate the universal truth of Marxism with the concrete practice of China's socialist construction and blaze a trail in building socialism with Chinese characteristics. The authority of the constitution has a bearing on political stability and the destiny of the country and we should never allow any damage to the foundation of the constitution.

"Relying Not Only on Policies But Also on Law in Handling Matters" is a speech delivered at a forum attended by the comrades in charge of the people's congress standing committees of all provinces, autonomous regions, and municipalities in March 1984. This speech makes the following profound points: During the period of revolutionary wars, our party, army, and masses paid particular attention to the party's policies. That was one historical period. After New China was founded and we seized national power, we should gradually stop handling matters according to policies only and start establishing and developing the legal system and handle matters also in accordance with the law. Party policies must take on a state form before they become state policies and those that have been proved correct in practice should be put down in a legal form. The leadership by the party is in line and unity with the spirit of handling matters according to law. The party leads the people in formulating the constitution and law,

and it also leads the people in observing and enforcing the constitution and law. The party constitution makes it clear that party organizations and members must carry out their activities within the bounds of the constitution and law. This sentence is put down as a result of the painful 10 years of civil strife.

"It Is Necessary to Study Hard the Basic Theories of Marxism" (speech addressed to comrades in charge of NPC standing committee organs in June 1985), "It Is Necessary to Be Well Versed in Grasping the Weapon of Marxist Philosophy" (speech in Zhejiang University in January 1986), "A Number of Questions Concerning the Guiding Ideology of Socialist Spiritual Civilization" (October 1986), and "Speech at the Forum of Some Veteran Army Writers and Artists From the Yanan Era" (January 1987) make the following points in view of the spread of the ideological trend of bourgeois liberalization: By conscientiously grasping and using the Marxist stand, viewpoint, and method, one can have a clear picture as to the direction of social development, firm up communist conviction, and correctly handle various problems encountered in the practice of reform. It is wrong to regard basic Marxist principles as ossified doctrines, and it is more wrong to deny the correctness of basic Marxist principles or to consider them "outdated." This speech makes a theoretical defense of the reform and refutes the views that set reform against Marxism.

"Achieving Grass-Roots Direct Democracy Through Mass Autonomy" is a supplementary explanation for some issues concerning villagers' committees at the 23d Session of the Sixth NPC standing committee in November 1987. In the explanation it is pointed out that for people to become their own masters there are two most basic elements: One is to practice mass autonomy at the grass-roots level and let the masses handle their own affairs according to law and exercise direct democratic rights. Without mass autonomy or direct grass-roots democracy, a facet of socialist democracy and a comprehensive, consolidated mass foundation would be missing. To run villagers' committees and residents' committees well is a major reform in the state political system. It has an important, far-reaching impact on eliminating the survivals of feudalism, changing the old traditions and customs, and achieving the goal of letting people be their own masters.

"Speech at the Joint Panel Meeting of the 24th Session of the Sixth NPC Standing Committee" (January 1988) sums up the work and basic experience of the Sixth NPC Standing Committee. It points out: We of the NPC standing committee have not failed to live up to the trust of the NPC or to fulfill the responsibilities conferred on us by the constitution. One of the underlying factors is that we have done things according to the principle of democratic centralism, exercising power and making decisions collectively. What we mean by being resourceful and decisive is in a collective sense in the context of the NPC. When the principle of democratic centralism is followed, extensive democracy practiced,

and issues fully discussed, differing opinions will converge and true centralism be achieved.

"Speech at the Departmental- and Bureau-Level Cadre Meeting of Xinjiang Uygur Autonomous Region" (September 1988) and "Speech at the Forum of Chief Party, Government, and Military Leaders of Hunan Province" (March 1989) point out: Self-reliance and hard struggle are determined by the nature of our party and country, and are magic weapons for successful revolution and construction. The fundamental issue is to concentrate all energies on promoting production. After seizing political power, our party should be more wary of the danger of losing contact with the masses. It should be always borne in mind that serving the people wholeheartedly is the ultimate goal of our party and the mass line is the basic line for all our work. This speech looks at the grave problem of conniving at the spread of bourgeois liberalization and once again gives a profound treatment of the historical inevitability of upholding the four cardinal principles. The speech also brilliantly expounds on democratic centralism, pointing out: Unity is strength. Without democracy, there would be no unity. But there must be centralism on the basis of democracy, otherwise it would turn into anarchism. "Centralized guidance" is not personal guidance: In terms of the party, it refers to the guidance of the party constitution; in terms of the state, it refers to the guidance of the constitution. Adherence to democratic centralism involves: (1) Discussion, which calls for equality among all in the face of truth; (2) decisionmaking, which requires the minority to be subordinate to the majority; and (3) enforcement of decision, which demands equality among all in the face of law and discipline.

"Apply the Constitution and Law to Seek Unity of Thinking" is a speech made on behalf of the CPC Central Committee on 26 May 1989 at the forum of vice chairmen of the Seventh NPC Standing Committee, who have no party affiliation. Because of the serious turmoil in Beijing, thinking was rather confused at that time. The speech pointed out: We should and must base ourselves on facts and apply the constitution and law as the criterion to seek unity of thinking. In our country, practices of bourgeois liberalization are considered a violation of the constitution and are against the fundamental interests of the people of all nationalities throughout the country and the party's propositions. Seeking unity of thinking is the general program. Unless this program is realized, it will be impossible to seek unity of thinking and resolve problems. Herein also lies inner-party problems. Is it not true that turmoil prevailed in the capital over the past month or so? Yes, it is true. It is clear when you look at the facts and law. He who says that the situation in Beijing is not turmoil is actually encouraging all parts of the country to follow the example of Beijing and stir up trouble. It is absolutely lawful, necessary, and correct for the State Council to impose martial law in some areas of the capital. All organizations and individuals must abide by the constitution and law.

"Speech at the Enlarged Meeting of the CPC Central Committee's Political Bureau" (June 1989) points out that the essence of the current turmoil and rebellion is to overthrow the communist party and topple the socialist system. It is the struggle between two roads, socialism and capitalism. As we are still at the initial stage of socialism, class struggles will continue to exist for a long time within a certain scope and may become acute under certain conditions. We must never lower our guard or relax our will. It is necessary to heighten our vigilance and try as much as possible to avoid reoccurrence of such incidents or reduce their harm when they happen. The key lies in our work, and the fundamental point is the status of our party, particularly the leadership. The speech proposed that the party earnestly rectify its thinking, organization, and style, and be determined to resolutely correct the erroneous tendencies and eliminate corrupt practices. It is necessary to uphold the four cardinal principles in a down-to-earth manner and adhere to reform and opening up. To uphold the four cardinal principles, above all it is necessary to resolutely and perseveringly oppose bourgeois liberalization with a clear cut stand. We should uphold the purpose of wholeheartedly serving the people, increase party spirit and eradicate factionalism, perfect the party's organization life, and carry out criticism and self-criticism. We must rely on the legal system to administer the country. The constitution is the foundation for developing a legal system. It is necessary to uphold the people's democratic dictatorship, democratic centralism, and the concept "everyone is equal before law." No one may overstep the constitution. No party member may overstep the party constitution.

"Seek Truth From Facts and Do Not Indulge in Empty Talk" is a speech delivered at the China Yanan Spirit Symposium and the forum to mark the 69th anniversary of the CPC founding held in June 1990. The speech points out: The Yanan spirit refers mainly to seeking truth from facts, upholding truth, constantly correcting mistakes, wholeheartedly serving the people, taking the mass line, democratic centralism, criticism and self-criticism, self-reliance, and plain living and hard struggle. The Yanan spirit is the summary of experience of the victories won by our party in leading the people in fighting bloody battles with the three major enemies. It is the great spiritual weapon for building New China. Seeking truth from facts is the ideological line which should be upheld at present as well as in the future. "Truth" differs in light of the "facts." When changes occur in the "facts," the "truth" will also change. We should seek "truth" in light of the changing "facts." The turmoil and rebellion in Beijing in 1989 have enabled the broad ranks of cadres and masses to realize the danger of "peaceful evolution." As a matter of fact, bourgeois liberalization and "peaceful evolution" are interrelated and mutually coordinated. It is necessary to sum up experience and master the laws of struggle. When we have assumed power, the people are masters of the country. This is the essence of the matter. However, phenomenon and essence are sometimes contradictory. To resolve this contradiction, we still have to rely on the

Yanan spirit. The fundamental point is to inherit and carry forward the party's mass line.

Chen Yun Inscribes Book About Party Secretaries

OW0306133491 Shanghai People's Radio Network
in Mandarin 2200 GMT 1 Jun 91

[From the "Morning News" program]

[Text] Comrade Chen Yun recently inscribed the name of a book published by the Zhejiang People's Publishing House. The book is entitled *Nine Provincial Party Committee Secretaries*. It will be published by 1 July.

The book provides literary records of the lives of nine secretaries of the Zhejiang Provincial Party Committee who died heroic deaths.

Seminar on Party Publications Work Closes

HK0406052491 Beijing RENMIN RIBAO in Chinese
21 May 91 p 4

["Dispatch" from Kunming by reporter Yin Pinduan (1438 0756 4551): "National Seminar on Work of Party Publications Concludes in Kunming"]

[Text] The 1991 national seminar on the work of party publications concluded in Kunming a few days ago. According to the materials provided by the seminar, the party publications in various provinces, autonomous regions, and municipalities have become important tools with which to strengthen party building and carry out education work among party members well.

So far, there have been 36 party publications in our country, with a distribution volume of 13 million issues.

At the current seminar, responsible persons of party publications of various provinces, autonomous regions, and municipalities exchanged experiences and personal understandings in running party publications. Seminar participants held that the essential attribute of party publications is the proletariat's party spirit. Party publications should give expression to "party." Personnel working in party publications should enhance their understanding of, and explore and open more avenues to serve economic construction. In the meantime, all party publications should pay close attention to building their own ranks.

Li Xiannian, Others Mourn Zhuang Mingli

OW0406061391 Beijing XINHUA Domestic Service
in Chinese 1044 GMT 3 June 91

[Excerpt] Beijing, 3 June (XINHUA)—Comrade Zhuang Mingli, vice president of the Fourth National Committee of the All-China Federation of Overseas Chinese, member of the Standing Committee of the Seventh National Committee of the Chinese People's Political Consultative Conference [CPPCC], and member of the Standing Committee of the Sixth Central Committee of the China Democratic League, died of illness in Beijing on 19 May 1991. He was

82. A ceremony was held in the auditorium of the Babaoshan Cemetery for Fallen Revolutionaries today to pay last respects to the late comrade.

Comrades Li Xiannian, Deng Yingchao, Qiao Shi, Song Ping, Ding Guangen, Liu Lantao, Hu Qiaomu, Ji Pengfei, Huang Hua, Xi Zhongxun, Peng Chong, Zhu Xuefan, Rong Yiren, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Wang Renzhong, Fang Yi, Gu Mu, Yang Jingren, Kang Keqing, Zhao Puchu, Qu Wu, Ma Wenrui, Qian Weichang, Lu Jiaxi, and Hou Jingru, as well as the CPPCC National Committee, the Organization and United Front Work Departments of the CPC Central Committee, the Office of Overseas Chinese Affairs of the State Council, the Overseas Chinese Affairs Committee of the National People's Congress, the Overseas Chinese Committee of the CPPCC, the China Democratic League Central Committee, the All-China Federation of Overseas Chinese, the Bank of China, the Children's Foundation of China, the Soong Ching Ling Foundation, Fujian Province, Quanzhou City, and Jinjiang County all sent wreaths.

Comrades Wu Xueqian, Ye Fei, Wang Hanbin, Zhou Peiyuan, Wang Guangying, Cheng Siyuan, and Qian Zhengying attended the ceremony and sent wreaths. [passage omitted]

Leaders' Wreaths Mark Death of Wang Dingyi

OW0106221991 Beijing XINHUA Domestic Service in Chinese 1328 GMT 1 Jun 91

[Excerpt] Chengdu, 1 Jun (XINHUA)—A ceremony to pay last respects to the remains of Comrade Wang Dingyi was held in the Chengdu funeral parlor on 31 May. Comrade Wang Dingyi was a long-tested, outstanding member of the CPC, a loyal communist fighter, a vice chairman of the Fourth and the Fifth Sichuan Provincial Committees of the Chinese People's Political Consultative Conference [CPPCC], and a Red Army veteran.

Comrade Wang Dingyi died of illness in Chengdu on 19 May at the age of 83.

There were wreaths from Wang Zhen, Tian Jiyun, Yang Rudai, Yu Qiuli, and Liao Hansheng. There were also wreaths from the CPPCC National Committee, and the Organization and United Front Work Departments of the CPC Central Committee; the Sichuan Provincial CPC Committee, Advisory Committee, People's Congress Standing Committee, Government, CPPCC Committee, and Discipline Inspection Committee; the Jiangxi Provincial CPC Committee, Government, and CPPCC Committee; and Wanzai County.

Comrade Wang Dingyi was born in Wanzai County, Jiangxi Province. [passage omitted]

Justice Minister Hails Anticorruption Efforts

OW0106040591 Beijing XINHUA Domestic Service in Chinese 1030 GMT 31 May 91

[By RENMIN RIBAO reporter Xiao Du (2556 3256) and XINHUA reporter Zhou Lixian (0719 4539 2009)]

[Text] Beijing, 31 May (XINHUA)—Following central directives, judicial administrative organizations at all levels throughout the nation have focused on combating corruption, bribery, and abuse of power to seek personal gain, and have initiated efforts to resolve key issues of public concern, thereby achieving initial success in their aggressive fight against corruption and their drive to remedy unhealthy practices in trades and departments.

Speaking today at a national meeting on judicial administration and supervision, and on commendation of honesty in performing official duties, Justice Minister Cai Cheng fully affirmed the accomplishments of judicial organs at all levels in building a clean and honest government since the Fourth Plenary Session of the 13th CPC Central Committee.

Since last year, according to Cai Cheng, judicial administrative departments across the country have acted on central plans, generally conducted inspections of law and discipline enforcement in connection with the effort to build a clean and honest government, and pinpointed the root causes of unhealthy practices in trades and departments. Building on this achievement, various localities have concentrated on reorganizing institutions engaged in labor reform and education, law offices, notarization agencies, and legal service centers in villages and towns, while conducting general inspections of law and discipline enforcement. They have strengthened and improved various laws and regulations; intensified education on ideology, laws, and discipline; and further heightened the policy, legal, and organization-based disciplinary awareness of the vast numbers of cadres, police officers, staff members, and workers.

Meanwhile, judicial administrative organs at all levels have treated the effort to investigate and tackle cases as an important initiative and a central task in punishing corruption and in correcting unhealthy practices in trades and departments. They have concentrated their efforts on investigating and handling a number of major cases involving bribery, abuse of power to seek personal gain, dereliction of duty, extravagance, and wastefulness, thus enhancing the public's confidence in building a clean and honest government, and arousing their enthusiasm in this respect.

Judicial administrative departments across the country also have launched activities to promote advanced models as a way of educating the broad masses of cadres and police officers on the need to dedicate themselves to their jobs and to serve the people wholeheartedly. This

has led to the promotion of healthy trends, the advancement of the construction of a clean and honest government and the correction of unhealthy practices in trades and departments, and the emergence of many advanced individuals and collectives.

Cai Cheng said: Led and educated by party committees and governments at all levels, the 450,000 cadres and police officers at judicial administrative departments throughout the nation, and an equal number of staff members and workers have withstood the test of intensified political and ideological work and of political struggles. Most of them have performed their duties efficiently and honestly. However, we should be keenly aware of the fact that corrupt phenomena actually exist within our ranks, and that a handful of people are violating the law and discipline, or even committing crimes. The problems, although caused by a minority of people, have produced extremely bad effects. They have seriously tarnished the image of judicial organs, impaired the party and government's flesh-and-blood ties with the people, impeded efforts to step up the socialist legal construction, and eroded the people's democratic dictatorship's authority.

After recounting the efforts by some provinces, municipalities, and autonomous regions to investigate and deal with law and discipline breaches by cadres and police officers in 1989 and 1990, Cai Cheng stated: Although judicial administrative departments throughout the nation have achieved a certain measure of success in "remedying unhealthy practices," we should by no means rest on our laurels and slacken our efforts. It is necessary to foster a common practice of displaying honesty in performing official, police, and service-oriented tasks throughout the judicial administrative system. Considering the extreme arduousness of our tasks, we should foster a guiding ideology of making genuine, down-to-earth, and unremitting efforts; follow the formulations of the CPC Central Committee, the State Council, and the Central Commission of Political Science and Law in making realistic arrangements for this year's efforts to "remedy unhealthy practices," and in setting goals for accomplishment in stages; take actions to achieve practical results; and lay a good foundation for basically remedying unhealthy practices within the system in the next three to five years.

Police Break Up Major Swindling Group

HK0406035091 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0614 GMT 3 Jun 91

[Report: Mainland Cracks Large Swindle Group"]

[Text] Beijing, 3 Jun (ZHONGGUO TONGXUN SHE)—A large swindling group, which wantonly conducted swindling activities with the seals and documents of railway units they had forged, was cracked on the mainland last month. A total of 14 criminal offenders from this group were arrested in Chengdu.

Police sources said that from 1988 to 1989, Li Changyi and Chen Yuzhong ganged up with 93 jobless wanderers under the names of the Huamei and the Zhuhai Far East Development Companies of the Ministry of Railways Second Surveying and Designing Institute. They conducted swindling activities in 16 provinces and municipalities with the seals, certificates, and business licenses they had forged and by bribery under the signboard of "providing economic guarantees for railway units."

They signed more than 200 false contracts with units and enterprises on supply of raw silk, coal, and steel products, which amounted to 3.12 billion yuan or \$24.49 million.

It was reported that they did not succeed with these contracts because the other side saw through their frauds, but there were still 17 units that were cheated, involving a total of 10.67 million yuan.

Through investigations over the past year, the case was finally unraveled. Some 8.4 million yuan of illicit money was recovered and frozen.

Paper Publishes Population Distribution Data

HK0306142191 Beijing RENMIN RIBAO in Chinese 21 May 91 p 3

["Percentages of Population of Different Ages of Both Sexes in 30 Provinces, Autonomous Regions, and Municipalities in Mainland China"]

[Text]

Percentages of Population at Different Ages of Both Sexes in 30 Provinces, Autonomous Regions, and Municipalities in Mainland China

Percentage in Total Population			
Age	Sum	Male	Female
Total	100.00	51.45	48.55
0	2.05	1.08	0.97
1	2.07	1.09	0.98
2	2.14	1.12	1.02
3	2.15	1.12	1.03
4	1.89	0.98	0.91
5	1.77	0.92	0.85
6	1.69	0.88	0.81
7	1.79	0.93	0.86
8	1.95	1.01	0.94
9	1.60	0.83	0.77
10	1.70	0.88	0.82
11	1.71	0.88	0.83
12	1.67	0.86	0.81
13	1.71	0.88	0.83
14	1.81	0.93	0.88
15	1.92	0.99	0.93

Percentage in Total Population (Continued)

Age	Sum	Male	Female
16	2.08	1.07	1.01
17	2.17	1.11	1.06
18	2.17	1.11	1.06
19	2.30	1.18	1.12
20	2.30	1.17	1.13
21	2.40	1.22	1.18
22	2.17	1.11	1.06
23	2.01	1.03	0.98
24	2.23	1.15	1.08
25	2.17	1.11	1.06
26	2.24	1.14	1.10
27	2.39	1.24	1.15
28	1.41	0.72	0.69
29	1.02	0.52	0.50
30	1.27	0.66	0.61
31	1.27	0.66	0.61
32	1.68	0.88	0.80
33	1.62	0.84	0.78
34	1.56	0.81	0.75
35	1.71	0.89	0.82
36	1.62	0.84	0.78
37	1.52	0.78	0.74
38	1.49	0.77	0.72
39	1.28	0.66	0.62
40	1.36	0.71	0.65
41	1.15	0.60	0.55
42	1.10	0.58	0.52
43	1.06	0.55	0.51
44	0.97	0.51	0.46
45	0.92	0.48	0.44
46	0.88	0.46	0.42
47	0.84	0.44	0.40
48	0.86	0.45	0.41
49	0.85	0.45	0.40
50	0.82	0.43	0.39
51	0.79	0.42	0.37
52	0.82	0.44	0.38
53	0.80	0.42	0.38
54	0.80	0.42	0.38
55	0.78	0.41	0.37
56	0.78	0.41	0.37
57	0.76	0.40	0.36
58	0.69	0.36	0.33
59	0.68	0.36	0.32

Percentage in Total Population (Continued)

Age	Sum	Male	Female
60	0.69	0.36	0.33
61	0.62	0.32	0.30
62	0.62	0.32	0.30
63	0.55	0.28	0.27
64	0.53	0.27	0.26
65	0.55	0.27	0.28
66	0.50	0.25	0.25
67	0.44	0.21	0.23
68	0.43	0.21	0.22
69	0.41	0.20	0.21
70	0.39	0.19	0.20
71	0.33	0.15	0.18
72	0.31	0.14	0.17
73	0.29	0.13	0.16
74	0.27	0.12	0.15
75	0.24	0.11	0.13
76	0.23	0.11	0.12
77	0.19	0.09	0.10
78	0.16	0.07	0.09
79	0.15	0.06	0.09
80	0.13	0.05	0.08
81	0.11	0.04	0.07
82	0.09	0.03	0.06
83	0.08	0.03	0.05
84	0.07	0.03	0.04
85 and above	0.21	0.06	0.15

Note: Data on this list does not include PLA servicemen on active service.

Rules on Urban Housing Dismantlement in Force

OW0306043991 Beijing XINHUA Domestic Service
in Chinese 0405 GMT 1 Jun 91

[By reporter Li Anding (2621 1344 1353)]

[Text] Beijing, 1 Jun (XINHUA)—The "Regulations Governing the Dismantlement and Relocation of Urban Housing," enacted and promulgated by the State Council, came into force on 1 June.

Vice Minister of Construction Zhou Ganzhi availed himself of this opportunity to make the following statement: The "Regulations Governing the Dismantlement and Relocation of Urban Housing" are China's first administrative law concerning the management of urban

housing dismantlement and relocation. The implementation of the regulations will incorporate the management of urban housing dismantlement and relocation into the realm of the legal system.

Since we implemented the reform and open policy, we have sped up China's urban construction and renovation of old districts. Houses built after the old districts are renovated account for 20 percent of the newly built urban housing in terms of floor space. On the one hand, because no legal standard concerning housing dismantlement and relocation was available in the past, when a house in a city was being dismantled and relocated, its purchase price was usually on the low side. The person whose house was dismantled and relocated lacked protection during the temporary transition period. As a result, the house owner's and user's legitimate rights and interests were infringed upon and disputes on the dismantlement and relocation of the house increased. On the other hand, because the owner or user of a dismantled house was placed in a low-rent state-owned house, this triggered demands for houses. As more than 60 percent of the new houses constructed in the course of construction and renovation of old housing areas were used to accommodate those whose houses had been dismantled and relocated, investments increased by large margins. As a result, some densely populated districts where housing quality is poor have become difficult to renovate.

Zhou Ganzhi said: The "Regulations Governing the Dismantlement and Relocation of Urban Housing" have been implemented in accordance with the guidelines of relevant laws and housing reform, and on the basis of summing up experiences acquired in all localities. In the future, all government departments in charge of the dismantlement and relocation of houses must observe the regulations, be hardworking and honest, wholeheartedly serve the people, and quicken the pace of revamping the old urban districts.

New Housing Funding System

OW0306064191 Beijing XINHUA in English
0553 GMT 3 Jun 91

[Text] Beijing, June 3 (XINHUA)—A new system for raising funds from the state, localities, enterprises and individuals for urban housing has been formed in China in the on-going housing reform, according to today's overseas edition of PEOPLE'S DAILY [RENMIN RIBAO].

The new system has put an end to the situation in which housing construction in urban areas had to rely solely on funds allocated by the state.

Of the current investment in urban housing in the country, 60 percent comes from enterprises and 20 percent from various housing cooperatives or individuals, according to an official at the Ministry of Construction; in the 1981-90 period, China invested 260 billion yuan in urban housing construction, 4.6 times the combined investment in the 1950-80 period, and the country built urban residential buildings totaling 1.3 billion sq m, 80 percent more than the total in the previous 31 years.

According to the official, the country's urban areas have more than three billion sq m of residential buildings, averaging 7.1 sq m per resident.

Rules for Implementation of Pollution Law

OW0206074491 Beijing XINHUA Domestic Service
in Chinese 2011 GMT 26 May 91

["Detailed Rules for Implementation of the PRC Law on Prevention and Control of Atmospheric Pollution"—XINHUA headline]

[Text] Beijing, 27 May (XINHUA)—

Chapter I. General Principles

Article 1. These detailed rules are formulated in accordance with the provision in Article 40 of the "PRC Law on Prevention and Control of Atmospheric Pollution."

Article 2. Local people's governments at all levels should be responsible for the quality of the atmospheric environment in the areas under their jurisdiction, take measures to prevent and control atmospheric pollution, and protect and improve the atmospheric environment.

Article 3. Economic construction departments of local people's governments at all levels should follow the requirements for atmospheric environment protection laid down by the people's government at the corresponding level, incorporate the work of preventing and controlling atmospheric pollution into their departments' production and construction plans, and organize the efforts to implement the plans.

Article 4. Enterprises that emit pollutants into the atmosphere should incorporate the work of preventing and controlling atmospheric pollution into their production, construction, and technical transformation plans. Departments in charge of enterprises should exercise more effective supervision and management over enterprises in connection with preventing and controlling atmospheric pollution.

Article 5. Funds, materials, and equipment needed for preventing and controlling atmospheric pollution in a construction project should be planned as a whole together with the main structures.

Chapter II. Supervising and Managing the Work of Preventing and Controlling Atmospheric Pollution

Article 6. Before going into production or being put to use, a construction project that emits pollutants into the atmosphere should have its atmospheric pollution prevention and control facilities inspected by the environment protection department that examines and approves the report on that project's environmental effects. The project should meet the following requirements:

1. The atmospheric pollution prevention and control facilities have reached the designed standards for disposal of pollutants;

2. The rules and regulations for managing the atmospheric pollution prevention and control facilities are adequate;

3. The related technical documents for the atmospheric pollution prevention and control facilities are complete.

The construction project can go into production or be put to use only after its atmospheric pollution prevention and control facilities have met the requirements and passed the acceptance tests.

Article 7. Units that emit pollutants into the atmosphere should more effectively manage, regularly inspect, keep in good repair, or upgrade the atmospheric pollution prevention and control facilities that have been put to use after passing acceptance tests in order to ensure normal operation of the facilities.

Article 8. Units that emit pollutants into the atmosphere should, as stipulated, file a "Pollutant Emission Report and Registration Form" to the environmental protection department in the locality where the pollutant is emitted. In case major changes should be made in the category, quantity, and density of the pollutant after the report and registration form has been filed, a new "Pollutant Emission Report and Registration Form" should be filed 15 days before the changes are to be made. In case of abrupt major changes, the new "Pollutant Emission Report and Registration Form" should be filed within three days after the changes occur.

Article 9. When it becomes necessary to dismantle or idle the facilities for disposing of atmospheric pollutants, a report explaining the reasons should be filed in advance to the local environmental protection department. The environment protection department should give a reply within a month after receiving such a report. No reply within a month is regarded as a consent.

Article 10. Pollutant emitting units ordered to control pollution within a set time limit should regularly report to the environmental protection department on the progress of pollution control.

The environment protection department should inspect the progress of pollution control made by the units ordered to control pollution within a set time limit. It should conduct acceptance tests on the projects that have finished with pollution control within a set time limit, and report to the people's government at the corresponding level on the results of the acceptance tests.

Article 11. A unit that causes an atmospheric pollution incident must inform the local environmental protection department within 48 hours of the incident and submit an initial report on the time, location, type and quantity of pollutant materials, economic losses, personnel injuries, and so forth. After completing an investigation of the incident, the unit shall submit a detailed written

report, together with relevant papers, on the cause and development of the incident, the damage, the measures that have been taken to deal with the aftermath and the results, problems left over from the incident, and preventive measures taken.

Article 12. Supervisory or administrative personnel of the environmental protection department and other supervisory or administrative department shall produce inspection papers and wear name tags while making an on-the-spot inspection of a pollutant-discharging unit in their jurisdiction.

Inspection papers for supervisory or administrative personnel of the environmental protection department are to be signed and issued by environmental protection departments of the people's governments at and above the provincial, municipal, and autonomous regional levels.

Article 13. When an environmental protection department or other supervisory or administrative department makes an on-the-spot inspection, it may ask the unit being inspected to provide the following information:

1. Information on the discharge of pollutants;
2. Operation, utilization, and management of the pollutant treatment facilities;
3. The models and specifications of the monitoring instruments and facilities and their inspection records;
4. The monitoring analysis methods used and the monitoring records;
5. Implementation of the order issued to the unit requiring it to improve its pollution treatment within a prescribed period;
6. The circumstances of an incident and other relevant records;
7. Production techniques and raw materials used by the unit and other relevant information; and
8. Other circumstances and information relevant to the prevention of atmospheric pollution.

Chapter III. The Prevention of Soot Pollution

Article 14. The competent department of the State Council that sets the quality standards for boiler products shall, in accordance with the state-set standards for boiler soot discharge, specify the standards for the density of the soot and the darkness of the exhaust of the initial discharge of boilers.

Before a new boiler product is finalized, standards for the density of the soot and the darkness of the exhaust of the initial discharge of boilers and other data obtained through experiments shall be submitted to the environmental protection departments of the people's governments at and above the provincial, municipal, and autonomous regional levels for the record.

The boiler manufacturer shall clearly state the soot density and exhaust darkness standards of the boiler's initial discharge on the name plate and manual.

The manufacturing, selling, or importing of boilers that fail to meet the standards for the soot density and exhaust darkness as referred to in the first paragraph of this article will not be allowed.

Article 15. Before they are put into production or put into use, newly built industrial furnaces and newly installed boilers must be reported to and inspected by the environmental protection department in accordance the stipulated procedure; those that fail to meet state or local atmospheric pollutant discharge standards will not be allowed to be put into production or use.

Article 16. Both heat and electricity supply systems shall be established in newly developed urban industrial zones, newly developed residential areas, or when a whole section of an existing urban center is transformed. In areas where conditions are not ripe for introducing both heat and electricity supply systems, a centralized heating supply system shall be used. Facilities for both heat and electricity supply systems or for a centralized heating supply system shall be designed, built, and put to use simultaneously with the construction projects.

Article 17. Relevant departments of the State Council and local people's governments at all levels should adopt measures to promote shaped coal and low-pollution combustion techniques, and to gradually restrict the burning of powdered coal. Fuel-supply departments should accord priority to the supply of low-pollution coal to the general public.

Chapter IV: Prevention and Control of Pollution From Waste Gases, Dust, and Offensive Odors

Article 18. New projects that release poisonous waste gases and dust are prohibited from being constructed in residential districts. Projects that are already in operation or which exceed the discharge standards should be purified. Within their administrative power, people's governments should order enterprises and institutions causing serious pollution to remedy the situation within a specific period.

Article 19. Coke-oven gas and blast-furnace gas produced during industrial production, and colliery gas, synthetic ammonia and other combustible gases which are discharged regularly should be recovered for use. As for those enterprises which have the facilities to recover waste gases but do not do so, environmental protection departments of people's governments at county levels and above should report them to the respective people's governments having jurisdiction over them, and upon receiving approval order them to recover the waste gases within a specific period.

Article 20. Enterprises which are required to burn asphalt, felt, rubber, plastics, leather and other materials that generate poisonous dust and gases and offensive odors within densely populated areas because of special reasons must obtain the approval of environmental protection departments in their localities, and set up facilities to burn them simultaneously.

The regular melting facilities used for melting asphalt in cities and towns should be airtight.

Article 21. Prevention measures such as tightly covering up materials or sprinkling must be taken according to the relevant provisions in the transportation, loading, and unloading, and storage of materials which may emit poisonous and harmful gas or send forth dust.

Article 22. Pollutants discharged by motorized vehicles and vessels into the atmosphere will not exceed the prescribed standard. Appropriate control measures will be taken against those whose discharged pollutants exceed the established standard.

Article 23. Control over exhaust pollutants discharged by motor vehicles and vessels shall come under the unified supervision of the environmental protection departments of the people's governments at all levels.

Control over exhaust pollutants discharged by motor vehicles and vessels shall also be supervised by various public security, transport, railway, fishery, and other management departments in accordance with their respective duties.

Article 24. Departments in charge of the maintenance of motorized vehicles and vessels shall make the control of exhaust pollutants a part of quality control.

Manufacture, sale, and importation of vehicles discharging exhaust pollutants that exceed the state's prescribed standard shall not be permitted.

Chapter V. Legal Liability

Article 25. If fines are to be imposed in accordance with Article 31 of the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, they shall be done on the basis of the provisions listed below:

1. Those that fail to report or report falsely on pollutant discharge provided for by the environmental protection departments under the State Council shall be fined a sum of money between 300 and 3,000 yuan;
2. Those that arbitrarily dismantle or idle pollutant prevention and control facilities without the approval of an environmental protection agency, thus resulting in the discharge of pollutants exceeding the prescribed standard, shall be fined a sum of money between 500 and 30,000 yuan;
3. Those that reject on-the-spot inspection by an environmental protection agency or other supervisory and managerial departments, or try to resort to deceptive means during inspection shall be fined between 300 and 3,000 yuan;
4. Those that burn asphalt, asphalt felt, rubber, plastics, leather, and other materials producing poisonous, harmful smoke and dust or pernicious gas in densely

populated areas without authorization shall be fined between 300 and 3,000 yuan;

5. Those that fail to pay, according to state regulations, a charge for exceeding the pollutant discharge standard shall be fined between 1,000 and 10,000 yuan;

Article 26. The following provisions shall be implemented if fines are to be imposed in accordance with Article 32 of the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution:

1. If a construction project is put into production or operation without an atmospheric pollution prevention and control facility, the environmental protection agency that examines and approves the report on the project's impact on the environment shall order it to cease production or operation and may impose a fine ranging from 5,000 to 50,000 yuan;

2. If a construction project is put into production or operation in spite of the fact that its atmospheric pollution prevention and control facility fails to meet the relevant state requirements that construction projects must meet on the regulations on environmental protection and control, the environmental protection agency that examines and approves the report on the project's impact on the environment shall order the cessation of its production or operation, and may impose a fine ranging from 2,000 to 20,000 yuan;

Article 27. A fine between 10,000 and 100,000 yuan may be imposed on an enterprise or an institution if they fail to control their pollution after they have been ordered to do so within a fixed period of time in accordance with Article 33 of the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution.

Article 28. The following provisions shall be implemented if fines are to be imposed in accordance with Article 34 of the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution:

1. Enterprises or institutions causing atmospheric pollution shall be fined a sum of money between 10,000 and 50,000 yuan;

2. Enterprises or institutions causing major economic losses shall be fined a sum equivalent to 30 percent of the financial loss, but the maximum fine shall not exceed 200,000 yuan.

Article 29. The environmental protection departments of people's governments at the county level are authorized to impose a fine below 10,000 yuan. Where a fine exceeds 10,000 yuan, approval must be obtained from the environmental protection department of a people's government at a higher level.

The environmental protection departments of city people's governments directly under the provincial government are authorized to impose a fine of less than 50,000 yuan. When the fine exceeds 50,000 yuan, approval must

be obtained from the environmental protection department of a people's government at a provincial level.

The environmental protection departments of the people's governments of provinces, autonomous regions, and municipalities directly under the central government are authorized to impose a fine of less than 200,000 yuan.

Fines are to be delivered to the state treasury. No units or individuals are authorized to retain the fines.

Article 30. Units and individuals that have paid a charge for exceeding the pollution discharge standard or that have been warned or fined are still obliged to eliminate harmful pollution, and are still liable to pay compensation for losses.

Chapter VI. Supplementary Articles

Article 31. Relevant departments under the State Council and the provincial, autonomous regional, and municipal people's government may formulate measures for implementing these detailed rules in accordance with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution.

Article 32. The Environmental Protection Department of the State Council shall be responsible for explaining these detailed rules.

Article 33. These detailed rules shall go into effect on 1 July 1991.

Universities Continue To Open Publishing Houses

OW0406064991 Beijing XINHUA in English
0604 GMT 4 Jun 91

[Text] Beijing, June 4 (XINHUA)—The "CHINA EDUCATION NEWS" [ZHONGGUO JIAOYU BAO] reported over the weekend that a large number of publishing houses attached to universities and colleges have opened in recent years.

In 1957, China had only two college publishing houses. Since that time the number has risen to over 90, most of which were set up during the 1986-1990 period.

The publishing houses, which are funded by universities and colleges, cover every scientific discipline and have become a significant force in publishing.

At present, the publishing houses employ 3,683 staffs, including 1,962 editors. In the past five years they published some 4,200 text books and 1,450 academic works each year.

Science & Technology

Prospects for Science, Technology Work Noted

HK0206055091 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 20, 20 May 91 pp 4-6

[Report by staff reporter: "State Science and Technology Commission Vice Minister Li Xue on Prospects for China's Science, Technology Work in Coming Decade"]

[Text] The next decade will be a crucial period in China's socialist modernization and construction. The question of whether or not bigger achievements will be made in science and technology work directly affects the realization of the second step and even the third step in the strategic objective in China's modernization endeavours. Li Xue, vice minister of the State Science and Technology Commission, recently spoke to reporters on the arrangements and plans concerning science and technology work during the "Eighth Five-Year Plan" period as well as in the coming decade.

Establishment of New Structure in Science, Technology

First, Li Xue said the primary objectives in China's science and technology work during the "Eighth Five-Year Plan" as well as in the coming decade should be coordinated with the objectives and arrangements in the country's economic and social development. It is necessary to rely on scientific and technological advances in raising the level of modernization in the industry, agriculture, national defense, science and technology and all domains in society of the Chinese nation with an eye to enhancing overall national strength and spurring on social growth. Consequently, it is necessary to establish a science and technology structure and an operational system in science and technology work which complements an economic structure which is characterized by an integration of planned management and market regulation. Specifically, they are:

- Further emancipate the productive forces in science and technology, enable science and technology work to better serve the national economy, ensure that the development of science and technology around the country revolves around the aforementioned objectives, closely integrate the demands in the work to develop science and technology during this period, and actively as well as steadily carry out overall reform of the science and technology structure.
- Continue to deepen reforms, vigorously develop the technological market, press on with the introduction and penetration into the economy of science and technology in various forms, and establish a mechanism in the entire society which encourages creativeness, competition, cooperation, and remunerated services.
- The state should continue to maintain a competent and vibrant research force which will assume the major fundamental, comprehensive, and far-reaching scientific research tasks of the state and give full play to the roles of

institutes of higher learning. The large number of scientific research institutes oriented toward technological development should gradually move toward an integration of scientific research, production and operation, and, guided and supported by state policies and planning, using the market as its stage and with economic development as the objective, they should strive for self-development amid competition and look for the best position in which they can give free rein to their abilities. Under the premise of upholding the system of ownership by the people as the principal body, the development of various collective and civilian-run science and technology institutes should be encouraged and supported. A number of science and technology institutes will be selected by the state based on their scientific and technological level as well as on their contributions to economic and social development and will be designated as state level institutes entitled to primary support.

- Science and technology institutes, particularly those comprehensive ones of fairly large scale under various central ministries, should actively explore various forms of management and development models. The outstanding personnel and advanced equipments of a unit may be put together for reorganization in order to ensure their rapid growth and expansion. A joint stock system may be implemented on an experimental basis in some science and technology institutes oriented toward technological development and some enterprises engaged in science and technology. A leadership management system made up either of a board of directors or an executive council composed of leaders from the unit, people's deputies, representatives from the superior departments and authoritative academic personalities may be adopted on a trial basis in some qualified basic science and technology institutes oriented toward public benefits. State science and technology institutes which have been subjected to strict state inspections and granted recognition accordingly may be given the rights to carry out international cooperation and exchanges in science and technology as well as trade in technology. Qualified science and technology institutes should be encouraged to set up research institutes or companies, either alone or as joint ventures, outside the country and the territory. Institutes outside the country and the territory as well as individuals should be encouraged to establish science and technology institutes in China either alone or as joint ventures.
- Rely on scientific and technological advances to raise efficiency in promoting the development of agriculture and of rural economy. Vigorously develop a rural socialist commodity economy with science and technology as the pillar and map out a development pattern with science and technology supporting agriculture.
- Adopt effective measures to resolve problems of structural irrationalities such as irrational distribution of scientists and technicians and shortage of skilled manpower; young scientists and technicians who have gone abroad for further studies should be attracted to

return and work in the country and given a full role to play. At the same time, it is necessary to stress the stepping up of the training of young scientists and technicians working in the country and to use them boldly. Science and technology institutes as well as scientists and technicians should be encouraged and supported in their bid to use proceeds generated from their contributions to the development of science and technology, economy and society toward the improvement of their own working and living conditions. Scientists and technicians who have persisted in working under laborious conditions should be granted special positions, wages and awards and efforts made to realistically address their worries and concerns.

Further Implement All Kinds of Research and Development Projects

Li Xue also spoke on the six major science and technology plans as well as related development work to be pursued and implemented by the State Science and Technology Commission during the "Eighth Five-Year Plan":

1. On the plan to tackle key issues in science and technology.

The plan to tackle key issues in science and technology formed the principal parts of the state command plans during the two five-year plan periods: "Sixth Five-Year Plan" and "Seventh Five-Year Plan." During the "Eighth Five-Year Plan," the State Science and Technology Commission will be responsible for the organization of state efforts to tackle key issues in science and technology related to the two main domains of agriculture and social development.

—The tackling of key scientific and technological issues in agriculture will focus at the selection of breeds in farm crops and livestock and the comprehensive treatment of regions with moderate and poor production. Concerning the Huanghuaihai Pingyuan, Sanjiang Pingyuan, Huangtu Gaoyuan and agriculture in drought-stricken regions which have undergone two rounds of five-year long treatment, the projects to be tackled during the "Eighth Five-Year Plan" should be decided based on conclusions drawn from earlier efforts. The treatment of low-yielding farmlands with red and yellow soil will be incorporated into the state's plan to tackle key issues in science and technology during the "Eighth Five-Year Plan" on the basis of protracted work in the concerned provinces and regions. Furthermore, other projects to be tackled including the cultivation of economic forests, ecological engineering in forestry, prevention of plant diseases, and rehabilitation of grasslands will surge to a new level during the "Eighth Five-Year Plan."

—Concerning the tackling of key issues in industry, the following will be accomplished: First, to continue to do a good job in applying and introducing newly developed technology into traditional industries, and to reorganize major projects in such domains like new

materials, new energy sources, and biological engineering. Second, to integrate the implementation of various projects on the tackling of key scientific and technological issues with the establishment of an engineering and technical experimental center featuring shared technologies in a sector. Third, to research and develop new projects with the primary target of generating foreign exchange earnings and upgrading competitiveness in the international market. Four is to resolve crucial issues in technology by coordinating with technology-intensive projects.

—Key issues to be tackled in the domain of social development focus on resources, environment, population, and medicine and health care.

—The tackling of key issues in the locality forms the principal science and technology plan designed to rejuvenate local economies and also supplements the state's plan to tackle key issues in science and technology. Based on the conclusions drawn from the tackling of key issues during the "Seventh Five-Year Plan," science and technology commission of all localities should continue to take a firm grasp of the key issues to be tackled under the "Eighth Five-Year Plan," secure further support from the planning, financial, and monetary departments, and step up investments in the projects for the "Eighth Five-Year Plan." The State Science and Technology Commission will provide appropriate support according to the specific projects.

2. On the "863" high technology research and development plan.

The State Science and Technology Commission is responsible for the following five domains in China's "863" high technology research and development plan: Biology, information, automation, energy, and new materials. During the "Eighth Five-Year Plan," the general requirement of the "863" plan is: All projects required to come up with a target product by the year 2000 will have to overcome key technology; projects whose research are to be continued should have its gap with the world level narrowed. Simultaneous with the completion of the task, it is necessary to train a number of highly competent science and technology personnel.

—In the area of biological technology, efforts should be made to continue with the research and large-scale introduction of the dual system [liang xi fa 0357 4762 3127] of cross-breeding of paddy rice; engage in the successful research and development of one or two kinds of genetically-engineered vaccines and new medicines and the acquisition of export capability; strive to put into the market 12 to 13 kinds of high-technology products with economic and social benefits.

—In the area of information technology, it is necessary to research and manufacture a computer system with primary intelligence and oriented toward intelligence application in order to complete the theoretical and technical storage needed for the research and development of an

intelligence computer network suitable to China's practical needs in the year 2000. Research and develop a fixed amount of target products revolving around the following two objectives: establish a photoelectron industrial art center and application of optic telecommunications and optic calculation, and press on with research and development of various kinds of key tools in order to make a breakthrough in crucial unitary [dan yuan 0830 0337] technology; initiate an effort to develop acquisition and supplementary techniques in information and strive to achieve a breakthrough by revolving around space-to-earth observation system and space target monitoring system.

- In the area of automation technology, it is necessary to establish a research center on CIMS [expansion unknown] experimental project and experimental robot assembly line as well as relevant laboratories for unitary technology; tackle a number of crucial technologies, develop a number of target products stage by stage, and strive for practical and applicable results.
- In the area of energy technology, it is necessary to move from exposition, preliminary study, and research of single technology to a research and development stage involving experimental projects. Carry out research of items revolving around projects of experimental nature and organize well the research work involving crucial technologies.
- In the area of new materials, ensure that practical tests, development and research concerning several dozens of laboratory results will be undertaken, with the focus directed at basic research involving the science of optic information materials, advanced compound materials and modern materials.

3. On research work of a fundamental nature

During the "Seventh Five-Year Plan," the state and various ministries have invested in the construction of more than 100 key state laboratories and open ministerial laboratories. Since 1989, the state began extending operational fund assistance to a number of key construction laboratories and open ministerial laboratories in order to create a satisfactory condition conducive for basic research. During the "Eighth Five-Year Plan," the state will gradually increase the input on basic research in order to upgrade the back-up support for scientific and technological development. In terms of academic courses, priority studies will be determined in every subject and substantial support granted.

Research subjects of a fundamental nature will be divided into three types: Elective subjects, principal subjects and major projects. During the "Eighth Five-Year Plan," some 20,000 elective subjects will be retained; some 200 to 300 principal subjects will be chosen from academic fields enjoying priority status. Key research projects of a fundamental nature are chosen according to the needs for economic construction, scientific and technological advances and social development: They are either at the forefront of the

academic studies or are highly applicable or give full play to the superiority of local geographical resources; they represent the level of basic research in the country, embody the state's determination to promote basic research, and are carried out by the organizations of the State Science and Technology Commission as a command type research project. Following the exposition by relevant departments and scientists, the state plans to implement 20 to 30 projects during the "Eighth Five-Year Plan."

4. The "spark" project and the alleviation of poverty through science and technology.

During the "Eighth Five-Year Plan," all kinds of science and technology projects will continue to support the development of agriculture and spur on scientific and technological progress in the rural areas. The "spark" project will continue to insist on the objective of overall rejuvenation of the rural economy, focus on support to the overall development of industry and region, and guide the development of the economics of scale in order to provide the technical assurance for a sound growth of the rural economy. It is necessary to realize the comprehensive development of 300 pivotal industries and 100 regions nationwide and form a corresponding service network, continue to develop 100 advanced and practical technological installations, and train 2 million scientists and technicians.

During the "Eighth Five-Year Plan," the State Science and Technology Commission will undertake work to alleviate poverty through science and technology in Dabieshan, Jinggangshan, and the northern regions of Shaanxi. Its objectives are: Annual net per capita income of 450 to 500 yuan for over 90 percent of the agricultural population in impoverished counties; annual per capita grain consumption at 350 to 400 kg; growth rate of per capita total output value in agriculture at 8 to 9 percent; annual growth rate of per capita revenue at 10 to 12 percent; population growth rate controlled within the stipulated target for the province. Grain production should be grasped firmly, pivotal agriculture boosted, and a sound service network in support of industrialization established.

5. The "torch" project.

The aim of the "torch" project is to commercialize the results of high technology, transform high-tech commodities into an industry, and internationalize high tech industry. The "torch" project aims to attain the general target of 50 billion yuan in annual output value for China's high tech industry. The focus of work during the "Eighth Five-Year Plan" are as follows: 1) To expand the ranks of the "torch" by attracting more institutes of higher learnings and military-industrial enterprises into the "torch" project and the high tech industrial development zone. 2) To expand the funding of the "torch" and, aside from widening the scope for credits, to initiate a risk capital for the "torch" project. 3) Strive to do a good job concerning the high tech industrial development zone approved by the State Council and build

the development zone into an important base for the implementation of the "torch" project. 4) Take the lead to build a high-tech industrial belt and promote the high-tech industrial development zone along with related enterprises outside the zone. Grasp well the examples provided by the "torch" high tech industrial belt covering Suzhou, Wuxi, Changzhou, and the Zhujiang delta region. 5) Grasp well the infiltration of high tech results into traditional industries in order to integrate the development of high tech industries with the renovation of traditional industries. 6) Extend priority assistance and support to some high-tech sectors and enterprises as they develop toward high-tech collectivization and high-tech industrialization. 7) Seriously implement the state's documents regarding the simplification of the overseas travel procedures for personnel of high-tech enterprises. 8) Strive to attract foreign capital into development zones. 9) Step up cooperation and exchanges between coastal and inland high tech industrial development zones.

6. The plan to promote results of science and technology.

The fundamental ways to promote the results of science and technology in China are as follows: 1) Carry out the promotion by using the technological market. 2) Carry out an organized and planned promotion through governments at all levels. During the "Eighth Five-Year Plan," work on promotion of results of science and technology will continue to follow the guideline of readjusting the industrial structure as well as the product mix and of raising economic efficiency so that more major results in science and technology will enter the traditional industries. Science and technology will also be used to guide and spur on social development. It is necessary to step up and ensure more investments on the "863" plan and the project to tackle tough issues in science and technology, as well as strengthen the operational input of scientific research institutes belonging to the industrial departments. At the same time, priority should be given to the construction and installation of project experimentation bases for some industrial departments and upgrade the means of conducting project experiments. It is necessary to continue to seek financial support for science and technology, increase and widen the scope of credits for science and technology, striving for the tens-of-billions-of-yuan marked during the "Eighth Five-Year Plan." All localities should study the establishment of science and technology risk investments organs.

State Planning Group To Popularize Technologies

OW0406025591 Beijing XINHUA Domestic Service
in Chinese 0204 GMT 2 Jun 91

[By reporter Jiang Zaizhong (1203 0961 1813)]

[Text] Beijing, 2 Jun (XINHUA)—The reporter has learned from the State Planning Commission that 120 new key technologies to be popularized in our country during the Eighth Five-Year Plan have been tentatively drawn up.

It was learned that these 120 technologies soon to be popularized were selected in accordance with basic requirements of the Eighth Five-Year Plan for national economic development and the overall development plans of various industries for the Eighth Five-Year Plan period. The technologies basically cover agriculture, industries, transportation, construction, energy, chemical industry, and other major national economic fields. They include advanced and practical technologies used in various industries, as well as emerging electronic technologies. Through promotion and application of these technologies, the technologies of some of our nation's industries will be raised to a new level during the Eighth Five-Year Plan. Take the industry of nonferrous metals for example, the state will give priority to aluminium production during the Eighth Five-Year Plan. Accordingly, the State Planning Commission has set up 25 technology popularization projects, from manufacturing aluminium oxide and electrolytic aluminium to processing aluminium products. Once these projects are developed, our country's technology in aluminium smelting and processing will approach or reach advanced international level.

Using electronic technologies to transform traditional industries is a very important part of the 120 new technologies. Almost all industries have projects aimed at applying electronic technologies. The objective is that during the Eighth Five-Year Plan large and medium-sized enterprises will basically use computers to supplement their operation and management, and half of them will achieve partial automation in the production process.

Of these 120 key state projects to be developed during the Eighth Five-Year Plan, many are tied with and will be implemented together with the state's technological transformation or basic construction plans.

A relevant responsible person of the State Planning Commission said: During the Eighth Five-Year Plan, apart from a number of projects to be designated and arranged each year by the State Planning Commission for demonstration, the rest will be undertaken by various departments, organizations, and other sectors of society through extensive mobilization.

Unofficial Foreign Scientific Exchanges Increase

HK0406064191 Beijing ZHONGGUO XINWEN
SHE in Chinese 0417 GMT 24 May 91

[Report by staff reporter Qin Lang (4440 6745): "Nonofficial Exchanges Between China, Foreign Countries in Scientific, Technological Fields on Increase"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 24 May (ZHONGGUO XINWEN SHE)—Nonofficial scientific and technological exchanges between China and other countries have been active and dynamic in the past few years.

According to statistics recently published by the Chinese Association of Science and Technology, the association

and its affiliated societies have joined 191 nonofficial international organizations of science and technology. Zhang Wei and more than 350 other Chinese scientists are holding office in these international organizations. The Chinese Association of Science and Technology has also established stable relations for carrying out exchanges and cooperation with more than 40 societies and organizations of science and technology in more than 20 countries, and has signed more than 30 bilateral cooperation agreements.

The Chinese Association of Science and Technology was founded in 1958. It is the largest nonofficial organization of science and technology in China. Now, it has 159 affiliated national academic societies and more than 4 million individual members.

Hundreds of international academic meetings are held inside and outside the country every year, and they provide the most important arena for China's nonofficial scientific and technological exchanges with the outside world. In the last five years, the Chinese Association of Science and Technology sent more than 5,000 scientists abroad to attend more than 1,000 international academic conferences. At the same time, the association and its affiliated societies held more than 600 international academic meetings in China, attended by nearly 140,000 Chinese and foreign scholars.

An event spoken of proudly by Chinese scientists was the holding of the 22d Executive Council Plenary Session of the International Science Federation, the world's most influential nonofficial organization of science and technology, in China in 1988. The meeting was attended by council members from 51 countries and regions (including Taiwan Province).

Nonofficial scientific and technological exchanges between China and Japan, which are separated merely by a strip of water, have always been brisk. In past years, the Chinese Association of Science and Technology successfully sent more than 1,500 students and researchers to study production and management skills in some small and medium-sized enterprises in Japan. Among more than 1,000 returned students from Japan, many have successfully applied their knowledge learned in Japan to their own practical work and have scored accomplishments in more than 100 research projects. Others have been holding posts in which they guide technological work.

Under an agreement with the UK Royal Society, the Chinese Association of Science and Technology sent 34 senior researchers in various fields to Britain between 1987 and 1990. They worked for a period of one year in cooperation for research projects in various British institutes, and achieved remarkable results in nine of these research projects. Professor Gao Qiao from the Ministry of Aeronautics and Astronautics Industry fulfilled the research project on "nondeforming welding under low stress" in a research institute of Cambridge University, and the result achieved an international patent issued by

the European Patent Bureau. At present, the Sino-British cooperation organ is making progress in promoting the result in the international technology market.

In the 1980's, exchanges in the scientific and technological field between the Chinese mainland and Taiwan and between the mainland and Hong Kong also made gratifying progress. In particular, since cross-strait relations began to thaw, scientists on the mainland and in Taiwan have made closer and closer contacts at a higher and higher level. A large number of scientists and technologists in Taiwan have visited the mainland to attend international academic meetings and bilateral symposiums between the two sides, to make inspections, and to carry out research cooperation. It is expected by people in this field that the Chinese Association of Science and Technology will play a more active role in cross-strait scientific and technological exchanges in the future.

Military

PLA Circular Urges Promotion of Legal Education

OW3005200991 Beijing XINHUA Domestic Service
in Chinese 0206 GMT 30 May 91

[Text] Beijing, 30 May (XINHUA)—The General Staff Department, the General Political Department, and the General Logistics Department of the People's Liberation Army [PLA] recently issued a circular urging all armed services to conduct an in-depth legal education and to widely publicize the law.

The circular says: In the new situation, conducting an in-depth legal education and widely publicizing the law to further make the vast numbers of cadres and fighters more conscious of the importance of the law have an extremely great significance to managing the military with the law; to ensuring the party's absolute leadership over the military; to ensuring a high degree of stability among all armed services; to ensuring the centralization and unification of all armed services; to making the military more revolutionary, more modernized, and more regularized; and to strengthening the military's combat capability. The circular sets the following guidelines for carrying out work in this regard:

1. Legal education and publicizing the law among all armed services should closely focus on the central tasks and development targets set by the party, the state, and the military. The work should center on the constitution, and emphasis should be placed on the laws and regulations that are closely related to national defense and military construction, and to cadres' and fighters' daily life. The work should be in line with the principle of linking theory to reality and linking the study of law to the application of law in order to enable cadres and fighters to be more conscious of the law, to understand and be more familiar with the laws that are closely related to them, to form a habit of strictly enforcing and abiding by the law and established regulations and of

doing things according to the law and established regulations, and to self-consciously fight law-breaking and criminal acts.

2. The work should mainly be targeted at selected groups of people—mainly leading cadres at and above the regimental level, law enforcement personnel, young cadres and fighters of grass-roots units, and cadets of military academies and schools. The work should be aimed at raising recipients' consciousness of managing the military with the law and doing things according to the law, and at raising their ability and consciousness of making decisions and managing things according to the law.

3. The work should be conducted on a regular basis and in a systematic way. All units should consider legal education an important part of cadres' political theory and military study. Legal education for fighters should be included in the troops' regular educational and training programs. And, concerned professionals should include learning related laws and regulations in their vocational study and training programs.

4. Under the leadership of party committees at various levels, the work should be conducted by administrative, political, and logistics organs, according to their respective function and responsibility. They should work hand in hand to ensure the success of the work. All units should strengthen their leadership over the work; tighten supervision and inspection; take effective measures to ensure that the work is carried out according to schedule, that the work is properly conducted, and that it is conducted among all intended recipients; and strive to achieve solid results.

PLA Stresses Training of Military Instructors

*OW3105080091 Beijing XINHUA in English
0648 GMT 31 May 91*

[Text] Beijing, May 31 (XINHUA)—The Chinese People's Liberation Army (PLA) has placed greater emphasis on training military instructors since last year, according to the headquarters of the general staff of the PLA.

Chi Haotian, chief of the general staff, has repeatedly said that China needs a large number of military instructors like Guo Xingfu—a model military instructor who created a model of training methods over 30 years ago.

Since last year when the PLA implemented the new regulations on military training, which were signed by General Secretary Jiang Zemin, who is also chairman of the Central Military Commission, various measures have been adopted to strengthen the training of military instructors in the PLA.

The various armies and divisions have restored "training teams" for squad leaders and other junior officers, and a large number of platoon leaders and all company-level commanders or above have received training at military academies.

PLA instructors from regimental to military area command levels have formed various training units to further improve their teaching skills in line with realistic conditions of each command.

PLA officers report that the training of military instructors at the present time stresses the selection of qualified instructors who are capable of summarizing key points for training, deliver well-organized lectures, and observe and correct mistakes made by the trainees in a timely manner, as well as conduct political and ideological work during training.

The Guangzhou military area command also conducts competitions among its instructors, and outstanding instructors from different troops to deliver lectures, conduct demonstrations or perform drills. The competitions help to ensure that the experience and methods of the best instructors will be spread to all troops.

A member of the Jinan military area command, Shang Zixi, who is an experienced instructor, has drafted a set of teaching methods following 10 years of effort, and his work has been praised by military experts. Early this year, Shang led a demonstration squad to exhibit his teaching and training methods to all troops in the military area command.

The training of military officers has provided great benefits to many troops. For example, since most squad and platoon leaders of one particular division stationed in the mountains of western Henan Province are trained mainly in technical services, 85 percent of the them were not qualified to teaching the squad tactical drills. Pu Dacai, commander of the division, visited other divisions to learn from their experience, and also invited 11 instructors from six other units to train junior officers of his division. Following three months training, 94 percent of the squad and platoon leaders became qualified instructors.

While the current training has improved the qualifications of junior officers, the PLA sets even higher standard for instructors. Recently, after watching and praising the demonstration drills of a model company, General Liu Huaqing, vice-chairman of the Central Military Commission, said that the level of military instructors must be further improved because modern warfare requires even higher standards for military forces.

Training Center Completed

*OW3105092391 Beijing XINHUA Domestic Service
in Chinese 0154 GMT 31 May 91*

[Text] Beijing, 31 May (XINHUA)—Our army's first center for coordinated tactical training has been essentially completed. The headquarters from which maneuvers will be directed, the last project in the center's five-year plan, was finished recently.

According to a report in JIEFANGJUN BAO, the center, approved by the Central Military Commission, was built by the Nanjing Military Region. In the past five years, projects were accomplished in two phases, in accordance with the

requirement of "facing modernization, the world, and the future." So far, all of the five-year construction projects have been completed and put into operation, including the systems for directing maneuvers, video frequency, communications, computers, and simulated battlefields. Many infrastructural projects, such as field roads, bridges, warehouses, and military installations have also been accomplished. The center, designed to function principally as a coordinated tactical combat training facility and secondarily as a facility for various training, is now a modern training base with facilities for simulated combat, training inspections, scientific tests, and overall protection.

With its completion, the center will provide for our army a modern, ideal, and multifunction training ground for coordinated tactical maneuvers and training, as well as for inspecting and evaluating troops. The center is equipped with modern facilities; its grounds are arranged like a real combat field; its targets can be automatically displayed; and its organs have multiple functions. Therefore, troops participating in maneuvers can receive training simulating actual combat.

Army Helicopters Show Great Combat Effectiveness

OW0106213591 Beijing XINHUA Domestic Service
in Chinese 0630 GMT 31 May 91

[By correspondent Feng Qi (7458 3823)]

[Text] Beijing, 31 May (XINHUA)—The Army Aviation Force, the newest branch of our armed forces, took part in a recent joint military exercise designed to test the combat effectiveness of various branches of arms in joint operations. During the exercise, the air-to-surface missiles launched from the army's armed helicopters scored 100 percent in hitting their targets. The helicopters also showed a zero-defect performance in launching assaults, parachuting and transferring troops, as well as in hoisting and delivering things to designated areas, indicating that the Army Aviation Force's tactical and skill levels have been remarkably raised.

It has not been long since the Army Aviation Force was organized and received new aircraft and equipment. In order to enhance the tactical skill levels and combat effectiveness of the armed helicopter and transport helicopter pilots as quickly as possible, the Army Aviation Force in recent years has persistently used combat effectiveness as the criterion for training and has constantly raised both the difficulty and intensity levels of the training. In order to ensure good coordination during joint operations with other services and arms, the Army Aviation Force has carefully worked out plans and organized its units, and stepped up such tactical training as formations, parachuting, hoisting, and assaults. It also holds tactical exercises on map problems according to tactical requirements, and conducts test flights. During such training aspects as surprise attacks, rapid assaults to cut off enemy troops, and raids on enemy reinforcements, the armed helicopters and transport helicopters successfully accomplished such tasks as simulated

attacks on ground targets, missile attacks on tanks, parachuting of armed personnel, relocation of a command post, and hoisting of materials; and they thus successfully realized all tactical intentions.

Economic & Agricultural

Deng, Leadership Encourage 'Opening Up' Policy

HK0306045891 Hong Kong WEN WEI PO
in Chinese 31 May 91 p 2

[Report by Chen Chien-ping (7115 1696 1627): "China Works Out Opening Pattern for Yunnan"]

[Text] Beijing, 28 May (WEN WEI PO)—According to an authoritative source here, the central authorities recently required provinces and regions in southwest China to take joint action in forming a new "opening pattern of Yunnan" and to rebuild the "silk road" in the south. The central authorities have also approved the plan to set up an export outlet in Yunnan's Dehong Prefecture and set up an economic development zone in the border area.

According to the same source, when talking about China's opening up, Deng Xiaoping recently said that the door should be opened wider, and a faster pace should be made. The CPC top leadership has decided to formulate a new opening-up policy for Yunnan Province by taking the opening patterns in the coastal provinces, Heilongjiang, and Xinjiang as reference so that Yunnan will be opened up to Burma and other Southeast Asian countries. Thus, the pace of across-the-board opening in our country will be quickened.

The source said: When formulating the policy for Yunnan's opening, the CPC central leadership made an analysis and found that the opening of southwest China was heavily constrained by the lack of export outlets, and this made it lag farther behind the southeast coastal region in economic development. However, the southwest region has its unique advantages, rich resources, and some existing passages for foreign exchange. So what is most urgently needed there is the adoption of an opening policy for the quicker development of the resources and the full use of the favorable factors.

The central authorities held that it is necessary to provide Yunnan with an opening policy and enable it to make good use of three existing passages that link it to Southeast Asia. One passage stretches from Ruili and Wanding in Dehong Prefecture to Burma, Bangladesh, India, and Pakistan; the second passage stretches from Xishuangbanna to Burma, Laos, Thailand, Malaysia, and Singapore; and the third stretches from Hekou of Honghe Prefecture to Vietnam and other overseas areas. The central authorities stressed that while Yunnan's opening through the three passages is approved, there is another favorable factor. That is, Burma is now arranging its overall opening up, which is mainly oriented to China. Therefore, the opportunity must be

seized and economic cooperation with Burma and other Southeast Asian countries must be strengthened. The central leadership also held that as Japan, South Korea, and Taiwan are now trying to make inroads into Burmese and other Southeast Asian markets, if we do not act, other people will occupy the markets and it will be very difficult for us to find a foothold there. If economic cooperation is not strengthened in this regard, we may even be squeezed out even if we have entered the market.

The source also said that from recent years' experience, the central authorities have come to realize that if the southwest provinces adopt the same pattern as in the coastal provinces, what they can export the most to the West are just raw materials; but if their opening is oriented to Southeast Asia, they will be able to export more industrial goods and also import raw materials. Some of our country's good-quality, low-cost products are rather competitive in Burmese and Southeast Asian markets. The Renminbi currency is also circulated in some areas, and those countries are more willing to use hard currency to buy Chinese products.

The authoritative source said: The central authorities have instructed Yunnan to give full play to the opening up to the outside policy by first developing barter trade along the frontier and then developing more and more larger projects. He said that the central authorities have endorsed the construction of export outlets in Dehong Prefecture and have approved the plan to establish some economic development zones oriented to foreign exchange along the passages.

Articles Examine Price System Reform

Debate Over Reforms

HK3105154191 Beijing JINGJI YANJIU
in Chinese No 3, 20 Mar 91 pp 28-33

[Article by Qiao Gang (0829 0474) and Chen Gongyan (7115 0364 3508) of the Market Circulation Research Department of the Development Research Center under the State Council in January 1991, edited by Zhang Le (1728 2867): "Several Questions on Thinking on Price Reform"]

[Text] At present, various sectors of China's society are still debating on thinking to further intensify price reform. In summing up, the debate mainly focuses on the following aspects.

I. Essence of Price Reform, Price Readjustment and Open Pricing

After 1987, our guiding ideology put more emphasis on price reform, and we have annually adopted some reform measures. It is obvious that the transformation of our pricing system is not heading toward the target pattern, however. On the contrary, some measures adopted in the past year or two, particularly those promulgated in 1990, greatly strengthened administrative control, and the extent of centralization in the pricing system. Furthermore, the price reform exists only

in name, or only in terms of price readjustment. In view of this situation, we hold that it is necessary to conduct further discussions on the essence of price reform, and on the issues regarding price readjustment and open pricing. There is an opinion which holds that the principal goal of price reform is to realize a rationalization of the pricing system; and that under the prerequisite of not changing the original pricing mechanism or the administrative system, the relevant government departments should voluntarily readjust the price of certain products. Therefore, such practices should be regarded as the basic content of price reform. There is another opinion which holds that in rationalizing the composition of parity price, we must take a rational pricing mechanism as the foundation. Therefore, price reform essentially means a transformation of the pricing mechanism. In other words, it is a transformation from pricing by the government to pricing by enterprises according to the supply-demand situation in the market. Simply put, only "open pricing" is price reform, and it is different from, and cannot be confused with, price readjustment. We hold that these two opinions are worth discussing.

It should be pointed out that price readjustment is an extension of the administrative acts of government. In its attempt to rationalize the composition of parity price through price readjustment, it will encounter at least three issues: (1) Even though the government can rationalize parity prices through price readjustment, such a state of rationality is only a static and temporary one. Dynamically, it is impossible to achieve a rational composition of parity prices, unless the relevant government departments are able to regularly readjust prices according to the supply-demand situation in the market. (2) It must confirm certain targets as yardsticks of price readjustment. At present, the prevailing practice is the average capital-returns ratio. Nonetheless, the practice of taking "cost plus average returns" as the yardstick of price readjustment essentially eliminates the influence of the supply-demand situation on commodity prices, so removing the function of pricing, which guides the flow of resources from industries producing oversupplied goods to those producing undersupplied goods. This is unfavorable to the work of checking the blind expansion of industries producing oversupplied goods, or to the work of encouraging the development of industries producing undersupplied goods. (3) In price readjustment, the right of pricing is still centralized by government departments, and it basically fails to make any change to the traditional pricing system. This is unfavorable to enterprises which have to make flexible arrangements for their production and operations according to the market situation. Therefore, we cannot realize our anticipated goals of price reform by simply relying on price readjustment, and should not treat price readjustment as the equivalent of price reform.

According to a decision of the 13th CPC Congress, the objective of China's price reform is to establish a system in which "the pricing of a small number of important goods should be controlled by the state, and the pricing

of an absolute majority of goods is open to the market." Therefore, it is natural that in reforming, the government is required to open pricing to the market for readjustment. To open up pricing does not mean to give up control, however. In the course of opening up, the government's system for pricing control must also be modernized and standardized. The so-called modernization of the system for pricing control mainly refers to the reestablishment of the government's pricing functions according to the operation requirements of the commodity economy, so as to change the traditional administrative approach of directly controlling the prices of specific commodities mainly by government departments through administrative means, into a modern one that controls the general price level mainly by economic means such as financial, currency, and income policies. The so-called standardization of the system of pricing control refers to the work of perfecting legislation for the pricing of relevant goods, so that there will be rules for enterprises and government departments to observe in pricing, and price supervision and control, and that effects caused by the human factor will be removed from existing price control and inspection. Therefore, price reform is not simply a transformation of the pricing mechanism. It also includes a transformation of the price supervision system. Only when transformation of these two areas is carried out at the same time can we really realize the transformation of the pricing system, and establish through competition, a rational pricing system.

Naturally, in the course of price reform, price readjustment is not unnecessary. Before the establishment of the new pricing system, to appropriately readjust the price of certain important goods may help develop production, readjust the composition of industries, and promote a smooth transformation of the pricing system. At the same time, after the establishment of the new pricing system, the pricing of a few important goods will still be directly controlled by the government, and will be subject to appropriate readjustment in accordance with economic development, and the market situation. Judging from this viewpoint, both price readjustment and price reform should be regarded as a whole, and both are part of the general plans for price reform and readjustment. In working out readjustment and reform plans for a particular year, we may either take price readjustment as the focal point, or take open pricing as the focal point in the light of the specific situation then. Nevertheless, in carrying out long-term price reform, we should avoid taking measures that would replace the latter by the former. Otherwise, those confirmed target patterns will eternally be the "targets," and will never be realized as a real economic system; and the significance of price reform will be lost.

1. Status, and Steps of Price Reform

There are two kinds of antagonistic viewpoints in China's theoretical circles in this respect. According to the thinking that takes enterprise reform as the focal point, it is held: The key link of China's economic structural reform is to reform enterprises, and their

ownership; and its purpose is to establish a new kind of enterprise owned by the public. Only when enterprises become independent economic entities having autonomous operations, and assuming sole responsibility for their profits and losses, can it be possible to gradually form a market; and can prices be eventually opened to the market. According to this kind of thinking, the process of reform is divided into three stages: The first stage is to perfect and develop the system of contracted operation responsibilities among enterprises. Correspondingly, the major task of price reform is to stabilize prices, to readjust whenever necessary the pricing of a few goods that carry gravely irrational price tags, to establish short-term static balanced prices, and to create conditions for contracted operations. The second stage is the transition from the contracting system to a stockholding system. During the transitional period, we need to carry out corresponding large-scale reforms in pricing, wages, and taxation according to the needs of such a transition, so as to create conditions for popularizing the stockholding system on a large scale. The third stage is to carry out a full-scale stockholding system and popularize the establishment of stockholding enterprise groups. Correspondingly, we should open prices on the commodity market. On the capital market, we should carry out a two-tier pricing system, that is, to promote on a large-scale the market interest rates of commercial banks, and to carry out effective control on the central bank's interest rates by the state.

On the contrary, according to the thinking that takes price reform as the focal point, it is held: The target of economic reform is to establish a market system marked by macroeconomic supervision. Therefore, price reform should occupy the central position. Its basic means is to "control the currency, while opening up pricing." Likewise, this kind of thinking also divides the process of reform into three stages: The first stage starts on the basis of maintaining stability. The focal point of reforming is to strengthen the market's organization, to readjust those irrational relations concerning interests, to ease prominent contradictions in economic life, and to create conditions for carrying out reforms on a large scale. The second stage is the stage of primary transition. It carries out full scale corresponding reforms by focusing on price reform. The focus of price reform is to abolish the "two-tier system" and the phenomenon of a single product carrying different price tags. The purpose of reforming the pricing of the means of production is to open up through a single step, the pricing of goods that are under a balanced supply-demand situation, and set the ceiling price for some other commodities according to their equilibrium price after combining their different prices into one. After a transitional period, the prices will be further opened up. When we have readjusted the prices of the means of production, we may open up through a single step the pricing of finished products. The third stage is that of consolidation and perfection. It is to continue to perfect the market system. The focal point is to speed up the pace of opening up the capital and labor markets. At the same time, it further perfects

the land and commodity markets, and makes the system of government control conform further to the needs of the market economy.

To a certain extent, the kind of thinking mentioned above has affected the development of China's economic reform. Nevertheless, no matter whether in practice or in theory, one cannot determine which one is more scientific or more feasible than the other. In fact, the mechanism of economic operations is an organic whole. Enterprise mechanisms and pricing systems are important integral parts of it, and it is very difficult to tell which one is more important. On the one hand, if we do not reform the existing pricing system, the prices of commodities and factors of production will remain distorted, and it will be impossible to derive a rational enterprise operation mechanism, or standardized enterprise behavior from enterprise reform. As such factors are combined according to distorted prices, and enterprises engage in production according to distorted signals. It is not only difficult to correctly assess the assets of enterprises, it is also impossible to improve their economic results. On the other hand, in the absence of enterprise reform, enterprises will still operate under traditional government-enterprise relations, and will still be subject to the constraints of their ownership system. Hence, it will be impossible to develop the real components of a market. The proper effects of price signals on operation activities will be lost, and so will the functions of pricing mechanisms in respect to the readjustment of resources. Therefore, enterprise reform should be complementary with price reform, and the question of which one is more important does not exist. To put it further, reform is not a cause that can be accomplished within a short period. Rather, it is a continuous process consisting of different stages. At every stage of this process, as we need to deal with different problems in the real economy, the focal point of our reforms will be different. Therefore, the focal point of reforms may be very obvious at a particular stage. For the whole process of reform, however, it must not be the case that the contents of structural reform for a particular angle run through the whole process. Therefore, after determining the general goals and general direction of our economic reform, we should work out specific plans according to the actual situation at different stages. There is absolutely no need for us to always limit ourselves to particular thinking. Judging from the present situation, it is obvious the focal point of reform is, on the basis of strengthening the market organization, to rationalize the pricing system by applying market mechanisms, and to gradually put an end to the antagonistic two-tier pricing system, to help it make progress toward the targets determined by the 13th CPC Congress.

III. The Choice of Areas Under Price Reform

China began its price reform by readjusting the prices of agricultural and sideline products, and by opening up the pricing of minor commodities. It gradually expanded such reform to the pricing of other consumer goods, and the means of production. As we gave priority to the

pricing of consumer goods in the order of price reform, and it seems that the scale of reform in the pricing of consumer goods is generally greater than that in the pricing of the means of production, it is therefore inevitable that China's price reform is encountering some problems. The most prominent ones are: (1) The pricing mechanism for input materials is not coordinated with that of output. The number of input materials subject to price control is larger than those open to the market. The number of outputs open to the market are larger than those subject to price control. Therefore, the price of processed industrial goods can reflect the market situation more flexibly. (2) The development of the commodity market is not even, and this means the development of the production market falls far behind others. (3) Under unfavorable readjustments in the composition of parity prices, particularly under conditions where macroeconomic control is rather lenient, any change in the prices of input materials may easily bring about corresponding changes in output prices, so that regressive parity prices will be formed. For this reason, we hold that in working out the contents of price reform, we should observe the following principles:

First, we must correctly determine the outline of areas subject to pricing by the central government (such as posts and telecommunications, and so forth), and those subject to pricing by local governments (urban public utilities such as public transport, running water, and so forth), as well as the scope of commodities subject to pricing by the market.

Second, in the order of price readjustment and reform, we should first readjust, or open up, the pricing of basic departments, such as energy resources and raw materials. At present, we should focus on readjusting the pricing of primary products and services including coal, oil, electricity, and transportation, which are subject to planning, and whose prices are extremely low. After basically rationalizing the prices of the means of production, we should further open up the pricing of consumer goods, so as to reduce the frequency to which consumers are given the impact of readjusting and reforming the prices of the means of production.

Third, open pricing must be carried out together with opening up the market. At the present stage, to open up the market mainly means: (1) We should either abolish the control of planning, or place "state orders" for those commodities that are subject to planning, are under the "two-tier system," and are going to be opened up, so as to create a market environment for fair competition. (2) We should be allowed to import freely means of production which are subject to open pricing. We should at least adopt a more flexible import system, and ease supply-demand contradictions in the domestic market by importation. (3) We should open up the market for factors of production, and allow residents and enterprises to freely invest, and freely start undertakings, in any region and trade, so as to give full play to the functions of market pricing mechanisms, that is, to give guidance in terms of distribution of resources, and

readjustment of production. This thus prevents the residents' surplus purchasing power from impacting on the consumer goods market, and may ease pressure on the government to make investment. This is favorable to stabilizing market prices, and maintaining healthy socioeconomic development.

Fourth, commodity price reform must be carried out together with price reform of the factors of production. In China, the scope of price reform has been restricted to the pricing of commodities, while reform in the pricing of the means of production has fallen far behind. This is mainly reflected in the following areas: (1) Because of the absence of a capital market, the cost of capital cannot responsively reflect the supply-demand situation for capital. Obviously, development in this respect does not correspond to the readjustment or opening up of the pricing of commodities. (2) The development of a labor market is slow. Therefore, even though we have linked the income of laborers to the economic results of their enterprises, the income of laborers cannot really reflect the supply-demand situation in the labor market, since the factor of labor cannot smoothly flow to other areas. In addition, the constraints on enterprises are not really implemented, so that the income of laborers increases irrespective of the economic situation. There is even a phenomenon of loss-making enterprises giving away "bonuses." The slow progress in the reform of pricing the means of production has adversely affected commodity price reform in two aspects. First, it intensified the pressure for price hikes in commodity markets. For instance, China's commodity prices soared sharply after 1985, but the cost of capital remained low. Consequently, loans granted to enterprises yielded no results, and aggregate demand grew at an abnormal rate. Not only did it push up market prices, but also undermined the environment for carrying out further price reform. Since there has been no change in the capital pricing mechanism in recent years, the distorted relationship between capital price and commodity prices remains unchanged. In contrast to the capital price, which has been at a low level, labor prices have been very high. Excessive monetary growth has not only become the major driving force pushing up the cost, but has also intensified the pressure of market demand. Second, it put restrictions on the function of the commodity pricing mechanism in optimizing the distribution of resources. To give play to the function of the commodity pricing mechanism in readjusting the distribution of resources in the commodity economy, two objective conditions must be present: On the one hand, the market system must be perfect. Not only must there be a developed commodity market, but also a developed market in the factors of production. Only thus can any change in prices, and in the supply-demand situation, on the commodity market be effectively transmitted to the market in factors of production. This thus makes such factors flow in a direction corresponding to changes in the supply-demand situation on the commodity market, thereby promoting the re-distribution of resources, and readjustments in the composition of industries. On the

other hand, the price of such factors must be rational. In particular, the pricing mechanism of such factors should flexibly reflect their supply-demand situation. Only thus can the pricing of commodities, and that of factors of production affect in a harmonious manner the reorganization of factors of production. Therefore, in the process of intensifying price reform, we should avoid discussing price reform by focusing on commodity prices. Instead, we should take full consideration of, and make overall arrangements for, reforms in the pricing of commodities, and of factors of production.

IV. The Merger of the Two-tier Pricing System

The two-tier pricing system refers to a pricing system under which the price of part of a particular commodity is set by the government through administrative means, and the price of another part of such a commodity is set by the market. In the process of transition from the traditional planned economic system to a planned commodity economic system, the short-term impact caused by the two-tier pricing system on the socioeconomy is much smaller than that by one-step open pricing. Therefore, it is a less risky choice with a higher safety coefficient. Judging from practice, however, this system also has incurable disadvantages. These are mainly reflected in the following areas: (1) The transformation of the pricing system takes a longer time, so it may cause continuous impacts on the socio-economy. Therefore, though its short-term and sudden impact is small, its long-term and accumulative impacts are quite great. (2) It undermines the integrity of the market system, and is unfavorable to the establishment of unified market rules. According to our preliminary plans, after we adopted the two-tier pricing system, the planned commodities and the non-planned ones would circulate separately according to their different rules. But facts have shown that our plans were not realistic. An excessively wide price difference between the two tiers, on the one hand, caused chaos in circulation, and provided a breeding ground for corrupt practices in society; and on the other, encouraged productive enterprises to try every means to increase the output of non-planned commodities, or to even get more revenue from the market by reducing the fulfillment rate for contracts assigned by the state. (3) It is unfavorable to the development of basic industries. On the one hand, judging from the characteristics of our current composition of industries, the extent of shortages is extremely serious among basic industries. On the other, the two-tier pricing system is mainly adopted by the area of the means of production. In particular, the extent of shortages is most serious in industries that adopted the planning system on large scale. As the planned price was very low, it was inevitable that there were factors undermining the development of industries that helped ease shortages of the means of production, though such a system succeeded to a certain extent in stimulating the production of the means of production. This is unfavorable to the flow of such factors to basic industries, and to the rationalization of the composition of industries. Thus, we can see that even though it is

inevitable in history that the two-tier pricing system emerged, and indeed played a positive role in the transition of China's economic system, it is impossible that such a system is the target pattern for China's price reform because of its inherently incurable limitations. Rather, it can only be a transitional system.

We should promptly settle the various kinds of disadvantages in the two-tier pricing system. Nevertheless, the economics circle generally holds that one must not act hastily in merging the two tiers. We hold that the merger of the two tiers is not a simple one. It implies a process of making a series of important decisions. Such decisions not only have an important bearing on price reform itself, but also concern the direction of our economic reforms.

First, there are two antagonistic viewpoints on the direction of merging the two tiers: One of them holds that those significant and major means of production should be subject to planned pricing after raising their excessively low prices; and only those less important and minor means of production should be subject to market readjustment. The other viewpoint holds that the basic direction of merging the two tiers is to merge them into the "market tier." In other words, we should put the pricing of a few important goods under planned control, and open up the pricing of the rest to market readjustment in accordance with the targets of price reform determined by the 13th CPC Congress. We hold that the latter viewpoint is obviously more reasonable, provided that the general direction of our economic reform remains unchanged.

Second, people are still debating on when the opportune moment is for merging the two tiers. Some people hold that the sooner the better. We hold that we must not take blind actions. In reviewing our conditions in 1985 when we formally started the two-tier pricing system, one may see that there were two major characteristics: First, an absolute majority of the major means of production were in serious shortage, which was so serious that even planned distribution could not satisfy the needs of all enterprises and construction projects. Many enterprises, particularly township and town enterprises, were forced to pay a higher market price to get their means of production. Second, for many important means of production, the price was set too low that they were all the government's readjusted price. It was too much for various sectors such as finance to bear. But it would cause an excessively great shock to society if we adopted open pricing for all of them. Generally speaking, there has been no substantial change in the present situation in these two areas. Therefore, it is impractical to merge within a short time the two-tier pricing of all or a majority of the means of production. Whether or not it is the time to merge the two tiers depends not only on the progress of structural reform, but also our economic development, particularly the development of industries producing the means of production, which is more important. Hence, it can only be a progressive process.

Third, there are three kinds of thinking regarding the pattern of merging: The first one is to act according to trades. In other words, pricing in industries monopolized by the state such as petroleum, power generation, and railways should be determined by the state. Pricing in industries such as machine-building, and electronics should be subject to market readjustment. Pricing in industries such as coal, rolled steel, chemicals, and building materials should be partly subject to readjustment, and partly subject to open pricing. The second one is to classify the means of production into upstream, midstream, and downstream products according to the types of products; and to, respectively, put them under price readjustment, under a combination of price readjustment and open pricing, or under open pricing. The third one is to act according to the links in the production chain, that is, to differentiate the treatment for the production link from that for the circulation link. The pricing of certain products, such as coal and electricity in the production link should be subject to the market or be allowed to fluctuate. The pricing of those in the sale link should be determined by the state. For certain other products, we should adopt these measures in reverse order. In fact, none of the kinds of thinking mentioned above can thoroughly solve problems concerning the two-tier pricing system, nor can they avoid causing conflicts in prices among relevant products. Therefore, we may consider merging the tiers according to the order of production, that is, to divide the means of production into different orders, such as crude oil, refined oil, petrochemicals, and so forth, according to the objective technology-economics connections in production; and to plan according to this order the direction, scope, and steps of such merging. An advantage of this thinking is that it takes into consideration the chain reaction of changes in the pricing of the relevant means of production; and it helps promote orderly progress in the merger.

V. Environment, and the Opportune Moment for Intensifying Price Reform

Price reform is a move that affects the situation as a whole. Therefore, it is very important to create an environment, and to choose the most opportune moment. China started its price reform when everything was in short supply. It was inevitable that the general price level would rise, to a certain extent. To prevent the price level from rising excessively sharply, it is obvious that price reform can be carried out only when macroeconomic policies are relaxed, [as published] and when the supply-demand situation of commodities is relaxed. After our rectification and consolidation for two years or more, China's economic situation has undergone a remarkable change. Compared to several years ago, the present environment for price reform has been improved.

First, inflation has been preliminarily checked. It was estimated that the 1990 national retail price level increased by about 2.1 percent, the lowest rate since 1985. That year, the price of many commodities on the market dropped while others were at a steady level. For most means of production, the price difference between

the two tiers was narrowed. The market price dropped for some of the means of production which had their prices raised sharply several years ago. This indicates that the comprehensive price rise caused by weak macroeconomic control in recent years has been checked.

Second, the supply-demand situation on the market has improved. Because of the austerity policy adopted in 1989, China saw a sustained sluggishness in market sales. Both commerce and sales of goods and materials experienced negative growth. The size of commodity inventories in society grew sharply. The proportion of commodities that had their supply-demand situation reach an equilibrium level or that had become oversupplied increased; whereas the proportion of commodities that were in short supply was reduced. Together with successive years of bumper harvests, the supply-demand situation of commodities is therefore eased to a large extent. Certain consumer goods, and means of production which were previously in short supply are abundant. The sharp growth in commodity inventories has certainly provided the material conditions for carrying out price reform.

One should realize that the present economic environment is relaxed when compared to a sluggish market; and that it is a relative, and short-term phenomenon. This is because the basic situation of China's economy is essentially one still marked by multilevel shortages. In other words, it is possible that this will bring about the following situation: a final demand purchasing power larger than the production capacity for final products, which is larger than the capability for raw material supply, and larger than the capability for production and services provided by basic industries. The reason that present supply-demand relations are relaxed is only because certain processing capabilities are left unused as a result of a reduction in immediate final demand. The state of dislocation in asset inventories, and in the composition of industries, is yet to be readjusted. Hence, whenever the market becomes thriving, it is inevitable that unused processing capability will be put into use and that multilevel shortages will become prominent again. In addition, the mentality of China's residents on consumption is still in an unstable state. Some people still expect that inflation will return. Therefore, one cannot but acknowledge that the large surplus purchasing power in the hands of residents is a threat. Furthermore, bank credit policies were very relaxed in 1990. It was estimated that the amount of newly granted loans reached 250,000 million yuan. Therefore, the potential threat of inflation is still there.

Though a sustained market sluggishness may promote the formation of a relatively relaxed economic environment, it puts the production, as well as the economic activities, of enterprises into a very harsh dilemma. As a result of this, the extent and amount of losses sustained by China's enterprises has increased sharply since 1990. Their economic results have deteriorated. This not only weakened the extent of tolerance among enterprises and their workers with respect to price reform, but also made the financial situation more

difficult, thereby weakening financial support for price reform. Moreover, in the course of rectification and consolidation over the past two years, though we straightened out the chaotic situation in circulation channels, we still failed to make remarkable progress in building a market organization. On the contrary, sustained market sluggishness has brought about a situation of rampant protectionism by localities. Therefore, we have neither the market conditions nor the mobility, which is necessary for price reform.

Thus, we can see that though China's present economic situation is favorable to, and is developing in the direction of, price reform, it is not "the most opportune moment" for carrying out such reform. In order to make further progress in price reform, therefore, we must be prepared in our guiding ideology to deal with such severe situations emerging in the course of reform. At the same time, we must adopt positive measures to create an environment and to seize the opportune moment, so as to make a key step in establishing and developing a socialist market system.

Deepening Reform Discussed

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[Article by Xu Rongchang (6079 1369 2490) and Zhang Shanliang (1728 0810 5328), of State Planning Commission's Economic Regulation Department: "Some Questions on Deepening of Price Reform"]

[Text] The objective of our country's price reform is as follows: Gradually achieve a scientific, rational, and efficient price-determining mechanism and administrative system where the prices of a few important products and labor services affecting the national economy and the people's lives will be fixed by the state, while most other commodities' prices and labor charges will be determined by the state's guiding prices and by market regulatory prices. Looking at the price reform objective, the following questions should be dealt with effectively in the current effort to deepen the price reform:

Relations Between Control of General Level of Commodity Prices and Readjustment of Price Structure.

Commodity prices are a comprehensive reflection of society as well as an important economic pillar in the realization of the objectives in the national economic plan. Through a readjustment of the price structure or a change in the form of the price-determining mechanism, it is possible to regulate the distribution of social and economic benefits, allow for the rational circulation of resources and factors of production, realize a readjustment of the structure of industry and improve the allocation of resources. Consequently, the formulation of a more rational combination, which will benefit both the stabilization of commodity prices and the readjustment of the price structure, is a question that has to be resolved in the further efforts to deepen price reform.

Objectively speaking, there exist many factors pushing up commodity prices at the moment, the principal of which is that too many price issues have accumulated over the years. In the process of readjusting prices, even after the advanced, fair, and backward enterprises have absorbed at different levels part of the factors contributing to price increases, the general level of commodity prices will still rise at a fairly great rate. If other reforms are considered, such as the establishment of a construction fund for sectors like coal mining, petroleum, electricity, and railways, the reduction of price subsidies, according enterprises with loan repayment capability and readjustment of exchange rates, the rate of the increase in the general level of commodity prices will still be even greater.

Under these circumstances, how should the relations between controlling the general level of commodity prices and readjusting the price structure be handled? We believe that it is necessary not only to strive to control the general level of commodity prices, but also to take heed to readjust the unfair price structure by integrating the two together and mapping out an overall arrangement. The main point in the control of the general level of commodity prices is to control the total amount of supply and demand, maintain a basic equilibrium in total supply and demand, reduce the pressure pushing up prices caused by excessive demand, and create a more relaxed macroeconomic environment for price reform and structural readjustments. At the moment, the structural readjustment of prices can only be carried out under the premise of controlling the general level of commodity prices. The readjustment pace is not great and overall considerations can only be made on the two aspects of demand and possibility: 1. The rate of increase in the general level of commodity prices in the next five years should be lower than that during the Seventh Five-Year Plan period in order to fulfill the demand for a gradual drop in the rate of commodity price increase. 2. Because of the restraints posed by the need to control the general level of commodity prices, the structural readjustment of prices in the next three to five years can only achieve limited goals, with the emphasis on the resolution of the prominent contradictions in the price structures prevailing in production and construction. It is still not possible to achieve an immediate implementation of the price reform. 3. Under the premise of strictly reining in demand in order to check inflation, aside from allowing for room to manoeuvre in case of such hard-to-predict factors like crop failure and changes in international prices, price increases should be caused primarily by the cost resulting from a price structural readjustment. 4. Enterprises should be urged to digest and absorb part of the effects of price increases, or else the structural readjustment of prices will fall into a vicious cycle of recurring comparative prices. Naturally, we should refrain from overestimating the capability of the enterprises in this area.

A readjustment of the price structure is bound to push up the general level of commodity prices, but a rationalization of the price structure will create the conditions for a readjustment of the structure of industry, increase in effective supply, and the attainment of stable commodity prices for a long time. Hence, a structural readjustment of prices should be carried out without delay.

Appropriately Handle the Price Subsidies Question

Since 1979, our country has used price subsidies as a way to stabilize prices, support the production of goods in short supply, encourage exports, promote national economic growth, and preserve social stability; and they have played an outstanding role. The principal question now is: The dramatic increases in price subsidies in recent years have turned into a heavy financial burden at all levels. There are three main reasons for the drastic rise in subsidies and their excessively large proportions in financial expenditures: One is that the price structural readjustment has led to more disbursements of subsidies; two is that inflation has caused the subsidies to rise dramatically; three is that poor economic results of enterprises have slowed down the increase of their financial revenues. Looking at the current situation, a correct handling of the relations between commodity prices and finances will have to start with prices and finances supporting each other. Price readjustments should be carried out within an acceptable financial scale. At the same time, efforts should be made to explore new sources of revenues and cut down expenditures in order to create the conditions for price reform. The following may be taken into consideration:

(1) Gradually reduce the proportion of price subsidies in financial expenditures. Efforts over the years should seek to gradually reduce the proportion of price subsidies in the financial expenditures from the present level of one-third to around one-fourth. It will thus be necessary to actively and steadily carry out a structural readjustment of prices, ease the financial burden caused by a rise in subsidies due to irrational prices, and give priority to projects which will lower or not increase financial burdens. At the same time, it is necessary to appropriately raise sale prices and implement a policy of not incurring new debts while keeping a moratorium on old debts or paying them little by little in order to gradually ease the pressure on financial subsidies.

(2) Narrow the scale of subsidies and change their mode. It is necessary to grant subsidies only to the production of farm products, certain vital industrial raw materials, required means of livelihood, as well as necessary operations. It is necessary to integrate the readjustment of the renminbi's exchange rates and reform the foreign trade structure in order to reduce financial subsidies. The structural readjustment of prices should be integrated with wage reform so that covert subsidies may be gradually transformed to overt ones and the subsidy of the consumption links changed to a subsidy of the production links. This will then contribute to a more effective

mobilization of the initiatives of the producers and allow subsidies to play a better role.

(3) Strive to upgrade the financial capability to support the price reform. It is necessary to strive to promote production, improve economic results, increase the state's financial revenues, and raise the proportion of financial revenues in the national income in order to enhance the financial capability to absorb the price reform.

The Relations Between Wages and Commodity Prices

At present, the handling of the relations between wages and prices may be summed up basically into two categories.

One is the indexation of wages. The advantage of this method is that it can promptly reflect the effects of price changes on the lives of the workers and is beneficial to social stability. The main drawbacks in the implementation of wage indexation are the following: (1) The higher the rate of price increases, the higher will be the expenditures devoted by the state financial departments and enterprises to price subsidies. (2) The excessively high ratio of consumption in financial allocations will affect the back up forces for economic development. (3) As the distribution of wages becomes more average, the ratio of distribution according to work will decline. (4) In case of inflation, it could lead to surging rises in wages and prices and evolve into a vicious cycle. In view of our country's conditions, it would not be right to adopt this method.

Two is to transform covert subsidies into overt ones and to subsidize the price readjustments of single commodities. The advantage of this method is that it is easy to implement, is acceptable to residents, and can effectively avoid an excessively huge financial expenditure. The disadvantages are: It is hard to arrive at a precise calculation and the residents' actual expenditures could be higher than the state's increased subsidies, and so the people might become unhappy; per capita subsidies could worsen the trend toward the averaging out of incomes and could not fully reflect the principle of distribution according to work.

The future task involved in implementing price reform in our country remains very onerous, while that of a correct handling of the relations between wages and prices is similarly very heavy. Looking at the current situation in our country, a necessary readjustment of the subsidy system should be carried out, and at the same time, the wage reform and subsidy of prices should be considered comprehensively as a whole. (1) Under normal circumstances, the rate of increase in the general level of commodity prices should be lower than the rate of increase of workers' wages, while the rate of increase of the workers' nominal wages should be slightly higher than the rate of price increases. The rate of increase in the workers' real wages should be slightly lower than the rate of increase in the real labor productivity rate. (2) The existing wage structure should be readjusted by gradually integrating the various rational subsidies exclusive of the wages into the normal wages, and raising the standards of basic wages or of seniority wages within the wage structure. At the same time, appropriate efforts should

be made to improve the wage structure. (3) Establish and perfect a social security and insurance system.

The Question of Integrating the "Dual Track System" in the Prices of the Means of Production

The question of integrating the "dual track system" prevailing in the prices of the means of production is one that should be handled well in order to form a rational price-determining mechanism. Looking at the current situation, it is unlikely that the "dual track system" of prices will be integrated within the short term period. The principal reasons for this are: (1) The integration concerns a readjustment of the interest relationship. If the "dual track system" is abolished before a new replacement is found, the state will have to extend assistance and support through financial or other policy means to the concerned department or enterprise. This is hard to accomplish at the moment. (2) The integration is restricted by the objective to control the general level of commodity prices. If the prices within the state plan are merged to become prices outside the state plan, the results will be: 1. The general level of commodity prices will go up drastically. 2. Big cities, which assume more assignments under the state's command planning; big enterprises; and large-scale construction projects would find it hard to absorb. If the prices outside the state plan are merged to become prices within the state plan, then commodity prices will fall drastically, and given the short supply of products, sole reliance on administrative measures is unlikely to be effective. (3) As the integration of prices cannot be separated from corresponding reforms of planning, materials, circulation, and the foreign trade system, there is a need to coordinate the implementation of the reforms.

In deepening the price reform, the "dual track system" of the prices of means of production will ultimately have to be "made into a single track." The reason is: The integration of planned economy and market regulation is intended to accord respect to the law of values and give full play to their respective strong points. This objective cannot be achieved by the prices under the "dual track system." If a rational price-determining mechanism is to be formed, whether by planned prices or by free prices in the market, the "dual track system" will have to be abolished. At the moment, the focus should be placed on narrowing the differences between prices, rectifying the domain, upgrade its operations, and step up management. The differences in prices among most products should be reduced as much as possible based on existing possibilities in order to create the conditions for future integration. The prices within state planning of certain products may be integrated, multiple prices within planning may be integrated into one, while the current situation where the existing planned prices are numerous and confusing and management hard to keep in check should be changed. It is necessary to pick a fairly good political and economic opportunity to initiate the integration of prices of a few commodities whose supply and demand are basically in equilibrium and whose dual prices are not too far apart.

An important condition for the resolution of the "dual track system" in prices is the need to resolve the question of total demand surpassing total supply. The reason is: When the overall economic environment is fairly relaxed, supply adequate, and market prices fairly stable or have undergone a slight decrease, the contradictions in the "dual track

system" will also go down correspondingly. Hence, as long as the conflict between supply and demand is not resolved, even if the open "dual track system" is abolished, the black market and other countermeasures to disguise the form of price increases will continue to appear and the problem will not be fully resolved.

East Region

Fujian Conference on Prosecuting Economic Crime

HK0406050291 Fuzhou Fujian People's Radio
Network in Mandarin 1000 GMT 30 May 91

[Text] The third provincial conference on administration of justice concerning economic cases discloses that all types of economic cases province-wide have grown at an annual rate of 11 percent in recent years. All levels of courts have persisted in the principle that hearing of economic cases must serve economic construction and reform and opening up. They have worked so hard to handle economic criminal cases and explore new ways for improvement that they have played an important role in maintaining social stability and promoting economic growth.

It is estimated that in the seven years following the second provincial conference on administration of justice concerning economic cases, provincial courts have concluded 40,000 preliminarily heard economic cases, accounting for 95 percent of the total filed for investigation and prosecution, with objects of action involving 2.3 billion yuan. They also have concluded 3,000 economic cases that had been heard twice. They have managed to quickly handle and conclude those cases that affected production and the people's daily lives, producing fairly good social results. At the same time all levels of courts have played a supporting role in economic improvement and rectification, and in promoting economic restructuring in urban and rural areas by properly handling economic cases. In the four-year period 1987-90, all levels of courts throughout the province concluded 7,000 cases involving loans, recovering 200 million yuan for the banks.

All levels of courts have participated in comprehensive rectification of social order by integrating hearing with education, and prevention with prosecution. They held public trials of typical cases to popularize law and order so that they would educate the people.

Xiamen To Set Up Stock Exchange

HK2405035491 Hong Kong HONGKONG STANDARD
(BUSINESS STANDARD) in English 24 May 91 p 1

[Eric Chan]

[Text] Xiamen is set to launch its own stock exchange by the end of this year, making it the third city in China to make such an attempt, according to Mayor Zou Erjun.

"The establishment of the stock exchange is part of a series of reforms carried out by the city to improve the environment for overseas investors," the mayor said.

He said other measures included the setting up of a duty-free export zone and simplification of official procedures for foreign investors.

Some eight to 12 firms operating in Xiamen were waiting for a listing, Mr Zou said, adding none of these involved foreign investment.

Inviting foreign-funded firms to join the stock exchange was being seriously considered, he said.

The stock exchange plan has yet to receive Beijing's approval, but Mr Zou predicted this would be granted later in the year.

The city was also awaiting the launch of the US\$7 billion (HK\$54.6 billion) petrochemical plant proposed by Taiwanese tycoon Wang Yung-ching, he said.

Beijing had already agreed to Mr Wang's request for the setting up of his own dockyard and transportation fleet for the plant, he added.

The central government had also approved in principle Mr Wang's plan to set up his own bank in Xiamen.

The government understood it was vital for Mr Wang to establish a financial institution that would handle and repatriate his profits, the mayor said.

"There was no opposition to Mr Wang's proposal that his bank handle renminbi either."

However, the extent of services to be handled by the bank involving the renminbi was still under consideration.

There were recent reports that Mr Wang might withdraw from the petrochemical project, but Mr Zou said he was confident the project would push through.

"After all it is a substantial commitment for both Mr Wang and Xiamen, and therefore it is only normal that both sides give more time into the matter," he said.

Mr Wang's plant would occupy a site measuring 100 sq km.

Shen Daren Inspects Lishui, Luhe Counties

OW2905051391 Nanjing Jiangsu People's Radio
Network in Mandarin 0915 GMT 25 May 91

[Text] While inspecting work in Lishui and Luhe Counties, Shen Daren, secretary of the Jiangsu Provincial CPC Committee, pointed out: Leading cadres at all levels must firmly grasp the present work by taking the realistic approach.

On 22-24 May, Comrade Shen Daren went to Lishui and Luhe Counties to conduct investigation and inspect work in some enterprises and rural areas. Touching on the present economic work, Comrade Shen Daren pointed out: We must by all means firmly grasp the production of grain. It is necessary to promote stable grain production by increasing per-mu yield, improving medium- and low-yield farmland, reclaiming wasteland, and various other means. It is particularly necessary to pay attention to conserving grain fields. Today, grain fields in Jiangsu are quite precious. We cannot increase grain farmland by planting less other industrial crops. In

industrial production, we must improve quality control on the one hand and develop enterprises on the other. We must take great pains to run existing enterprises. We must especially strengthen enterprise management and firmly grasp technical transformation, so our quality and standard can be raised. We should never slacken our efforts in this aspect. As far as the counties in the suburbs of Nanjing are concerned, supporting and serving state-run large and medium-sized enterprises are effective measures to develop village and town enterprises. These measures do not involve large investments. They also take only small risks and help start projects fast. By taking these measures we can learn advanced technology and the experience of management from large enterprises. The counties in the suburbs of Nanjing should make full use of the many state-run large and medium-sized enterprises in Nanjing City, and develop village and town enterprises by relying on them.

In his speech, Comrade Shen Daren also noted: In some places, people are proposing that the Eighth Five-Year Plan be fulfilled ahead of schedule. Such lofty aspirations are good; their enthusiasm is precious. They must adopt an attitude of seeking truth from facts, however, and must not have their eyes on doubling the output value only, much less demanding a certain output value or speed. Instead, they should pay attention to increasing economic results and to the entire economic quality, and fulfill the Eighth Five-Year Plan in an all-around way in both quality and quantity.

In reporting their work, leaders of Lishui and Luhe Counties dwelled on the question of helping the poor villages by establishing continuous contacts with them. Comrade Shen Daren said: In helping the poor develop production, we must firmly grasp two things: First, implement the responsibility system and see to it that continuous contacts will be established with a poor village until it shakes off poverty; second, after a village shakes off poverty, we must grasp consolidation. In short, we must stress practical results in all work. Comrade Shen Daren also set demands on the present reform, openness, promoting spiritual civilization and party building.

(Liang Baohua), director of the General Office of the Provincial Party Committee, and (Zhao Shaolin), deputy secretary of the Nanjing City Party Committee, attended the inspection activities.

Urges Upgrading Enterprises

OW2705075491 Beijing XINHUA in English
0639 GMT 27 May 91

[Text] Beijing, May 27 (XINHUA)—Rural industry development should enter a new stage which focuses on upgrading of the existing rural enterprises in the coming years, Jiangsu Governor Shen Daren [title as received] was quoted as saying in today's ECONOMIC DAILY [JINGJI RIBAO]

According to the paper, the governor noted that the development of rural enterprises has produced useful

experience for the construction of a new socialist countryside with Chinese characteristics.

The paper said that the industrial output value of the rural industry in east China's Jiangsu Province amounted to 111.3 billion yuan (about 20 billion U.S. dollars) in 1990.

Jiangsu Leaders at Telecommunications Conference

OW3005142691 Nanjing Jiangsu People's Radio
Network in Mandarin 0915 GMT 28 May

[Text] The Second Provincial Telecommunication Conference, which ended today, put forward the goal of doubling, on the basis of the Seventh Five-Year Plan, the volume of Jiangsu's posts and telecommunications business and its principal telecommunications capability through five years of effort, and to accomplish the strategic objective proposed by the Ministry of Posts and Telecommunications to quadruple the national economy and octuple the posts and telecommunications sector five years ahead of schedule.

During his speech at the opening of the conference, Yang Taifang, minister of posts and telecommunications, spoke highly of the program put forward by Jiangsu, and hailed it as a positive program, conforming to the realities in Jiangsu and having great strategic foresight.

Governor Chen Huanyou attended the meeting this afternoon, and spoke. He called on governments at all levels in Jiangsu to further enhance their understanding of the strategic importance of posts and telecommunications to the national economy and social development; to truly strengthen leadership over work concerning posts and telecommunications; and to really treat the development of posts and telecommunications as an important task of governments at all levels by keeping a firm grasp on it.

The conference took place in Nanjing from 26 to 28 May. Vice Governor Ji Yunshi, and vice mayors charged with posts and telecommunications, and directors of post and telecommunications bureaus from 11 cities attended.

Before the meeting began, Shen Daren, secretary of the provincial CPC committee, heard a special briefing on work concerning posts and telecommunications in Jiangsu, and made important suggestions on how to speed up the development of post and telecommunications in Jiangsu.

Chen Huanyou Inspects High-Tech Development Zone

OW2905222691 Nanjing XINHUA RIBAO in Chinese
19 May 91 p 1

[Text] "Modernization of science and technology is the core of the four-modernization drive. By science and technology, we do not mean ordinary science and technology, we mean high and new technology. China's revitalization and Jiangsu's development rest on the development of high- and new-technology industries. We must make bigger strides in

this area, do solid work, and work hard to operate our high- and new-technology development zone properly." This is part of the speech which Governor Chen Huanyou made when he inspected the Nanjing Pukou Export-Oriented High and New Technology Development Zone yesterday afternoon.

During the inspection, Governor Chen Huanyou and Vice Governor Wu Xijun heard a briefing made by leading comrades of the development zone's administrative committee. Since the zone's construction preparations started, the committee, under the energetic support from the Jiangsu Provincial Government, the Nanjing Municipal Government and other relevant departments, has been working on a general development plan with assistance from universities, colleges, research institutes, and large enterprises. The plan will be carried out in several stages in such a way that it can enjoy the state's preferential policies for high- and new-technology industries. So far, 20 enterprises, including eight Sino-foreign joint ventures, have been established in the zone. The development zone has become even more appealing since last March when the State Council approved the establishment of state-class high- and new-technology development zones. Many enterprises at home and abroad have come to negotiate establishment of factories within the zone.

Following the briefing, Governor Chen and his party visited the Nanjing Huaning Numerical-Controlled Machinery Company, the Numerical-Controlled Equipment Company under the Nanjing Differential Electrical Machinery Manufacturing Plant, the Nanjing University Special Material Plant, the Dongnan University Discharge Tube Plant, the Nanjing Bada Electrical Equipment Manufacturing Company, the Nanjing High-Technology and Precision Electronics Co. Ltd., and the Nanjing Lepu Electronic Display Equipment Company. At the display equipment company, the governor watched a large-screen display to see demonstrations of some of the equipment. When a comrade of the company told the governor that his company would like to help install such display units upon the completion of the Shanghai-Nanjing Expressway, Governor Chen said happily: You should compete with others with inexpensive quality goods, including high- and new-technology goods. Only competition can trigger development and improvement.

Later, during a meeting with comrades of the development zone, Governor Chen set forth some requirements for the development of the zone.

He stressed: Enterprises established in the zone must operate according to their specific natures. Their technology must be high and new, not "subtechnology," or "quasitechnology." The technological base must be high and products must be new. Only this can ensure the successful development of the zone.

Governor Chen pointed out: The development zone must attach special importance to creating a good environment for investment. The state and provincial

authorities have already drawn up a whole set of preferential policies for this purpose. The progress in this respect should be accelerated. After we have drawn up a good general plan, we must increase the development zone's infrastructural construction. The management in the zone and enterprises must be strict from the very beginning. They must be clean and beautiful places suitable for civilized production.

Commending the management of high- and new-technology enterprises, Governor Chen stressed: We must have the courage to change, innovate, and explore. Like the Sino-foreign joint ventures and the township enterprises, you may hire your staff personnel, employ your workers on contract basis, and institute floating wage scales. Never duplicate in the development zone what urban enterprises have been doing.

Governor Chen urged provincial and municipal governments and people of all walks of life to be concerned with the construction within the development zone. He said that while we should properly apply the available preferential policies for encouraging the development of high and new technology, we must also do our best in giving other sectors the necessary support and preferential treatment. Governor Chen said: As long as all upper and lower departments in Jiangsu work hard in close coordination with each other, the construction of our high- and new-technology development zone will be a success and a significant breakthrough will be achieved in the development of high- and new-technology industries in Jiangsu.

Vice Governor Wu Xijun also commented on how to properly operate the high- and new-technology development zone.

Accompanying the governor and vice governor during the inspection were Xu Jingan and Shao Yongchang.

Addresses Personnel Meeting

OW0206223491 Nanjing XINHUA RIBAO in Chinese
22 May 91 p 1

[Text] Governor Chen Huanyou said at a provincial personnel affairs meeting yesterday: In personnel affairs, we should take further steps to set the guiding principle of taking economic construction as the central task. All localities should improve their personnel composition and readjust the geographical distribution of personnel to meet the needs of key economic construction projects. It is necessary to assign more qualified personnel to the main battlefield of economic construction step by step according to the plan, so as to ensure that sufficient qualified personnel are working for the attainment of the second-step strategic objective.

On the development and use of manpower resources, he said: The personnel department should consider overall economic development needs, conduct necessary surveys, and do a good job in making personnel forecasts to meet the needs of the provincial and local 10-Year Programs and Eighth Five-Year Plans for Economic and

Social Development. It is necessary to formulate a long-range development plan for manpower resources and the procedures for implementing the plan, and to carry out relevant policies and measures and gear the personnel affairs to the needs of economic construction.

Governor Chen pointed out: To readjust the economic structure and to accelerate the development of an export-oriented economy are two strategic priorities of Jiangsu's economic development, as well as the crucial measures for economic development in the 1990's. The personnel department should pay attention to the two priorities, make the necessary readjustments of the cadre structure and assignments, and place the limited number of qualified personnel where they are needed the most. In the province, the shortage of qualified personnel is still quite serious. In particular, some major departments, localities and projects are urgently in need of a large number of qualified personnel. In this regard, a correct guidance is very important. The personnel department should pay attention to using the regulatory mechanism of personnel plans, assigning more qualified personnel to economic construction workposts, and rationalizing the personnel flow. On the one hand, we should continue to guarantee that there are a sufficient number of qualified personnel in major state projects and large and medium-sized enterprises. On the other hand, we should unclog various personnel channels, and encourage graduates, army veterans, and other qualified personnel to work for grassroots units and enterprises. We should strengthen Jiangsu's agricultural front, energy sources, communications and other basic industries, joint ventures, cooperative enterprises, and wholly foreign-owned enterprises and village and town enterprises with qualified personnel. We should provide a personnel guarantee for the structural readjustment, and for the development of an export-oriented economy.

He said: The main task of our economic work this year is to enhance economic efficiency. In order to do so, we must fully arouse the people's enthusiasm, and make the best possible use of qualified personnel. For this reason, the personnel department should aim at relying on scientific and technological progress and on enhancing economic efficiency, and do good personnel management work in accordance with the party and state policies concerning intellectuals. We should show concern for and cherish politically qualified people and cultivate a good general mood of society. At the same time, we should strive to create good conditions for bringing up qualified personnel, adopt necessary measures with respect to wages, welfare, transfer of cadres, and qualified personnel flow, and bring the potential of qualified personnel into a maximum play.

The provincial personnel affairs meeting opened in Nanjing on 19 May. Present at the meeting were directors of all city personnel bureaus, directors of personnel (cadre) departments of provincial organizations, and leading comrades of the Ministry of Personnel, the Organization Department of the Provincial Party Committee, and the Provincial Government.

Inspects Huaiyin

OW3005051391 Nanjing Jiangsu People's Radio
Network in Mandarin 09145 GMT 27 May 91

[From the "News" program]

[Text] While inspecting work in Huaiyin, Governor Chen Huanyou stressed today: It is imperative to pay close attention to practice [shi jian 1395 6432], to sum up experiences, take measures suitable to local conditions, and to explore new ways to develop the planned commodity economy to achieve the second-step strategic objective in national economic and social development and promote socialist modernization, reform, and the policy of opening to the outside world.

Governor Chen Huanyou led a group of responsible comrades from relevant provincial-level economic departments to inspect work in Huaiyin from 21 May to today.

Governor Chen inspected Shuyang, Lianshui, and Huaiyin Counties as well as Huaian and Huaiyin Cities. He visited villages, fields, factories, workshops, and construction sites in order to acquaint himself with the situation in agricultural and industrial production and in the building of construction projects in water conservancy and transportation. He was accompanied by Huang Jun, secretary of the Huaiyin City Party Committee, and Jiang Yikuan, mayor of the city.

Governor Chen visited several peasant households with economic difficulties to acquaint himself with their livelihood in Shuyang County's Maowei Township and Lianshui County's Yuwei Township. He asked peasants with concern whether they had enough grain rations to feed themselves before the wheat harvest. He also asked local cadres accompanying him on the inspection tour: A small number of households here will be short of grain rations from now to the wheat harvest. Have you solved this problem?

Governor Chen nodded his head to express satisfaction when he got an answer in the affirmative from a township cadre.

At the construction site of the Huaiyin Power Plant, Governor Chen asked at length about preparations before the start of the project. When learning about the building of the construction project by the provincial electric power construction company, Governor Chen encouraged the person in charge of the construction project to build the project carefully and to ensure the quality of construction and the completion of the project within the time limit—or to build the power plant fast and with good quality in order to contribute to Huaiyin's economic development.

Governor Chen Huanyou heard a briefing by leading comrades of the Huaiyin City Party Committee and the city government on their work this morning.

Governor Chen stressed agricultural stability and development after affirming Huaiyin City's achievements in its

work over the past few years. He said: Agriculture is the foundation of the national economy, and it is also the traditional pattern of production in Huaiyin. Grain is most important to the people. When agriculture is stable, the overall situation will remain stable. So we must do a good job in engaging in agriculture as the foundation of the national economy. We should continue to deepen rural reforms and to stabilize and improve the household-based system of contracted responsibility with remuneration linked to output. We should institutionalize a socialized service system and give full play to the superiority of the collective economy and the initiative of the household economy [jiating jijing]. We should make further efforts to carry out farmland capital construction in a big way and do farming in a scientific manner.

On capital construction in industrial production, Governor Chen said: It is necessary to develop industry according to state industrial policy. First consideration should be given to how to make full use of local resources, products should be able to meet market demand, and [words indistinct]. Under no circumstances should small industries be developed in an unplanned way. What is important is that a good job should be done in running existing enterprises by raising their technological and managerial levels and improving product quality and economic results. Then, we will set up new enterprises by relying on the existing ones.

Governor Chen pointed out: While eliminating poverty and getting better off through economic development, people should also make efforts to bring along various social undertakings. Leaders at various levels should pay particular attention to family planning and do a good job in this regard. Efforts should be made to publicize family planning and to educate people in it. All forces in society should be mobilized to concern themselves with family planning and to effectively keep population growth within the planned target.

Governor Chen also called on leaders at various levels in Huaiyin City to be strict with themselves, to build a clean government, to conscientiously perform their official duties, and to strengthen the ties between the party and the masses of people.

Jiangsu Not To Raise Grain Prices

OW0306054991 Nanjing Jiangsu People's Radio
Network in Mandarin 0915 GMT 31 May 91

[Text] The provincial work meeting on purchasing summer grains ended in Nanjing today.

The purchasing amounts set for summer grain and oil-bearing crops account for around 50 percent and 85 percent, respectively, of the total annual purchasing amount of grain and oil-bearing crops produced in the province.

Doing a good job in purchasing summer grains has an important bearing on stimulating peasants' enthusiasm in growing grains and ensuring a bumper harvest this year. For this reason, the provincial government decided that the

price for wheat this year will remain unchanged, and that it will continue to carry out the policy of providing fair-price fertilizers and diesel oil as well as paying a portion in advance. The forward purchasing price for wheat produced in the province remains the same as that of last year. Oil-bearing crops are to be purchased at the current market price. Vice Governor Gao Dezhen attended and spoke at the meeting. He urged governments at all levels, subject to the overall situation, to firmly establish a guiding ideology of protecting peasants' interests and actively engage in management so as to continue to do a good job in purchasing summer grain and oil-bearing crops. He urged financial departments and banks to pay attention to financial coordination and fund-raising work and educate peasants to sell good grains to the state. Grain departments must correctly carry out policy, adhere to quality standards, and rate the prices for grains in accordance with their quality. While promoting the idea of storing grains in peasants' barns and mobilizing to help peasants to store more grains, we should, proceeding from the ideology of protecting peasants' interests, actively do a good job in purchasing grain and oil-bearing crops at negotiated prices.

Jiangsu To Establish Torch Development Zone

OW2905192491 Beijing XINHUA Domestic Service
in Chinese 2026 GMT 27 May 91

[By reporter Xu Jiling (1776 2623 3781)]

[Text] Nanjing, 28 May (XINHUA)—Jiangsu's Suzhou-Wuxi-Changzhou area, which has been termed China's Golden Delta, has applied itself to developing science and technology and to restructuring its conventional industries with high and new technologies, creating a new economic situation in the area. On 27 May, the State Science and Technology Commission formally approved a plan to establish a torch development zone in the area to industrialize the area's high and new technologies on a large scale.

The area is located in the development zone of the Chang Jiang Delta; it is China's most important processing industrial and export commodities base. Currently, the original value of the fixed assets of the area's industrial establishments exceeds 30 billion yuan, and the area has 509 large and medium enterprises, more than 10,000 township and town enterprises, 330,000 scientists and technicians, over 600 research and development institutes, and a large number of research-production joint establishments, forming a relatively strong economic base and technological strength. Nevertheless, facing the challenge of the world's new technological revolution and the highly competitive domestic and international markets, the area's conventional industrial and technological edge it gained through its development efforts over the years has continued to dwindle. Its industrial structure is unreasonable, and an increasing numbers of enterprises have been producing similar products, seriously hampering the area's economic development. To bring a new breakthrough to the area's economy, the Jiangsu Provincial Government decided to establish a high-technology industrial development zone in

this area in order to promote scale application of high and new technologies to conventional industries, to further readjust and optimize the area's industrial structure and product mix, to raise local conventional industries' technological level, to modernize their equipment, and to make their products more competitive. Moreover, under unified planning, the Government will regard the area as a single entity in order to more effectively carry out regional cooperation, to enable various regions to support each other with their respective strengths, and to form an overall regional economic power as early as possible.

A responsible person of the Jiangsu Provincial Science and Technology Commission said the Suzhou-Wuxi-Changzhou area already had initially developed scientific and technological development and production management capability in the microelectronic information industry, in integrating the machine-building industry with the electrical industry, in biological engineering, and in other high technology fields, which are applicable to reforming local conventional industries.

The purpose of establishing a torch development zone in the area is to better promote and organize the association of local enterprises, colleges, and research units; to attract high technological results and technological development forces from across the country; and, through forcefully carrying out the "torch plan," to strive to commercialize, industrialize, and internationalize high technological results with a relatively small investment, within a relatively short time, and on a relatively large scale, in order to accelerate local economic development.

According to the initial plan, during the Eighth Five-Year Plan period, the torch development zone will concentrate on transforming the technologies of local textile, machine-building, and pharmaceutical industries. The main targets are:

- To organize and carry out 100 "torch" projects; to develop 200 high and new technology products; and to establish 10 high and new technology-orientated enterprise groups which will lead in their respective fields in China.
- To enable 60 percent of the products of local textile, machine-building, and pharmaceutical industries, and 60 percent of the technologies and equipment of local backbone enterprises, to reach the international standards of the mid- and late 1980's.
- To raise the percentage of the output value of high and new technology products in the total industrial output value to about 20, and to raise the percentage of the exports of high and new technology products in the total amount of purchased export products to about 10.
- To train 500 scientists, technicians, and managers to work for high and new technological development and business management.

It was learned that, to enable the construction of the torch development zone to proceed smoothly, concerned departments of the state and Jiangsu Province would systematically organize torch development projects to

suit decided major technological transformation projects, and increase financial investment in the zone.

Jiangsu Setting Up New Investment Zone

OW2705090291 Beijing XINHUA in English
0712 GMT 27 May 91

[Text] Nanjing, May 27 (XINHUA)—East China's Jiangsu Province is speeding up construction of a new investment zone which offers preferential treatments to overseas investors.

The new investment zone, located in Jiangyin City, covers an area of 20 sq km. At present, only three sq km of the land are being exploited.

The local government has encouraged the establishment of industrial enterprises which will develop large projects or engage in high and new technology production.

The zone is situated near Jiangyin harbor and is 14 km away from Zhangjiagang harbor.

Infrastructure construction in the zone are expected to be completed at the end of this year. The managing committee is currently finalizing regulations for land-use rights transferences and guidelines for industrial layout and investment.

The zone recently approved the plans to set up its first Sino-foreign joint venture, according to Cao Jianhua, director of the Jiangyin City Commission for Foreign Economic Relations and Trade.

The joint venture funded Jiangyin City, Hong Kong and Sweden, will involve a 30 million U.S. dollars investment. The enterprise will have a designed capacity of producing 20,000 tons of sintering cake ferroalloy annually.

Fengcheng Rewards Crime Fighters

OW0106024691 Beijing XINHUA in English
0112 GMT 1 Jun 91

[Text] Nanchang, June 1 (XINHUA)—Fengcheng City in east China's Jiangxi Province has recently set up a reward fund to commend people who are brave in fighting unlawful acts.

Rewards will range from 500 to 100 yuan.

At a mass rally held Thursday, 13 people received rewards for upholding justice.

In recent years, Fengcheng, an industrial city with a population of over one million, has been faced with an increasing floating population which has resulted in an increased threat to public security.

As part of an effort to reverse the trend, the city established the fund to encourage citizens to uphold justice.

The fund regulations stipulate that individuals who fight criminal activities will be rewarded and commended.

The fund was created by 26 institutions, including the legal work committee of the Fengcheng City Communist Party Committee, the women's association, and the city public security bureau. The fund now receives assistance from various associations and private citizens.

Thus far contributors have donated over 230,000 yuan.

Shandong's Jiang Chunyun Inspects Qingdao

SK0106092191 Jinan Shandong People's Radio
Network in Mandarin 2200 GMT 31 May 91

[Text] Jiang Chunyun, secretary of the provincial party committee, pointed out during his investigation and study trip in Qingdao City: The year 1991 is the first year to implement the Eighth Five-Year Plan and the 10-year program. So, this year, we should pay prominent attention to the work in all spheres, do our work in a down-to-earth manner, and strive to make new improvements.

Jiang Chunyun, secretary of the provincial party committee, conducted investigations and study in Qingdao City from 26 to 30 May. He successively inspected some enterprises, including the (Tuopudun) electrical appliance corporation in (Liuting) Town of Laoshan District, the general hair products plant of Jimo City, and the embroidery plant of Jiaozhou City. Some of these enterprises belong to cities, and some belong to townships or villages. Most of them are joint ventures involving foreign capital and foreign exchange-creating enterprises. He also inspected [words indistinct] with bumper wheat harvests, water conservancy projects, and urban construction projects; heard the work reports by Qingdao City, Laoshan District, Jimo City, and Jiaozhou City; held talks with comrades of cities, districts, and grass roots; solicited their opinions; and expressed his satisfaction at the work of Qingdao City.

While talking about the current situation, Comrade Jiang Chunyun said: The main trend of the province's political and economic situation is good and is getting better and better. Some difficulties also exist, however. At present, we should do our work in a down-to-earth manner, pay prominent attention to major contradictions, and pay particular attention to the work as follows:

First, we should continuously strengthen agriculture and ensure an overall bumper harvest. Wheat is growing well and a harvest is in sight this year. But, we must not ignore the management of wheat fields in the later period, particularly the prevention and control of plant diseases, the elimination of pests, and the control of xerothermic wind. Simultaneously, we should make good preparations for gathering in wheat, threshing, storage, and purchasing work.

Second, we should make efforts to perfect and optimize the enterprise development mechanism. At present, the province's industrial production increases at a sustained and steady speed. There are great difficulties in this regard, however. Major indicators are as follows: Some industrial products are kept in stock, the industrial front is in a

financial strait, the efficiency is reduced. In particular, some large and medium-sized enterprises are short of vitality and have greater difficulties. We must strive to improve the work in various spheres in order to enliven large and medium-sized enterprises. First of all, we should draw on the experience of town and township enterprises to optimize the internal mechanisms of large and medium-sized enterprises. Why do the town and township enterprises in Jimo, Jiaozhou, and Laoshan make rapid development? Why do these enterprises create better economic results? The fundamental reasons follow: They have good development mechanisms and are full of vitality. Enterprises do not eat from the same big pot of the state, their staff members and workers do not carry iron rice bowls, cadres do not seat themselves on iron chairs, and enterprise managers do not walk with iron walking sticks. But, enterprises actually carry out the independent management mechanism, the mechanism of assuming sole responsibility for their profits or losses, and the self-restriction and self-development mechanisms.

The fundamental way for enlivening large and medium-sized enterprises is to deepen their internal reforms. Like town and township enterprises, large and medium-sized enterprises should discard, in a step-by-step manner, the big rice pot, iron rice bowls, iron chairs, and iron walking sticks; and carry out the independent management mechanism, the mechanism of assuming sole responsibility for their profits or losses, and the self-restriction and self-development mechanisms. Carrying out the principle of distribution according to work is a golden key to arouse the enthusiasm of the staff and workers. Enterprises should actually carry out the principle of more pay for more work and the principle of rewarding the excellent and the diligent and punishing the bad and the lazy, and appropriately widen the difference between the wages of different work performances. Meanwhile, they should speed up the readjustment of structures, promote technological progress, and attend to enterprise management and marketing work. All enterprises should speed up the change of their types from production to production and management. By so doing large and medium-sized enterprises can enhance their vitality and competitiveness. Second, we should fully and efficiently use the policies formulated by the state and the province, and create a fine external environment for enterprises. Third, in line with the rural areas' experience in carrying out the socialized service system, we should study ways for setting up and developing an urban socialized service system. Now, there is a situation where mayors grasp the work of enterprises, enterprises are running society, and society eats enterprises. If the situation is not changed, enterprises will impossibly upgrade, by a big margin, their work efficiency and economic results. Thus, we must be determined to set up and perfect the service systems in the spheres related to the production of enterprises, such as information, technology, funds, goods and materials, labor service, transportation, marketing, and real estate, and the system of serving the livelihood of staff and workers; and provide high-efficient and high-quality services to the development of

enterprises so as to lighten their burden, to have them go into the battle with a light pack, to give them a free hand in developing production and improving management.

Third, we should further accelerate and expand the scale of opening to the outside world. The key to successfully realizing the Eighth Five-Year Plan and the 10-year program and particularly upgrading the economic results and the quality of the economic sectors hinges on opening the country to the outside world, further joining the international competition and the international contacts, and speeding up the development of the export-oriented economy. The open economic zones, including Qingdao, should give full scope to their own advantages, play a vanguard role in opening to the outside world, and guide the whole province to open to the outside world. The open economic zones should further emancipate their minds, do their work more boldly, speed up the pace of opening to the outside world, and strive to make better results. We should gradually expand the proportion of the export-oriented economy in the ideology for guiding the economic work, and turn the focal point of the economic work from the import-oriented economy to the export-oriented economy. Party and government organs at various levels and all professions and trades across the province should put the work of developing foreign economic relations and trade in a key position of the economic and social development strategy. We should arrange planning and work, and work out ideologies, work style, policies, and measures according to the requirements of opening the country in all directions. We should pay attention to running foreign exchange-creating agricultural, industrial, and tertiary industrial enterprises; and vigorously develop key foreign exchange-creating enterprises and products with competitiveness. We should positively bring in foreign capital and technology, run joint ventures involving foreign capital, and develop compensation trade and the industries of processing and assembling with materials and specifications provided by foreign firms.

Fourth, we should pay firm attention to technological progress, and vigorously develop new and high technologies. Although there are a larger number of industrial enterprises in the province, their quality, work efficiency, and economic results are generally low. The fundamental reasons are backward technologies and extensive management. Party and government organs at various levels and all professions and trades should deeply understand Comrade Xiaoping's famous thesis that science and technology are the first productive forces, intensify the sense of urgency, realistically put scientific and technological progress in a prominent strategic position, and firmly attend to the development, popularization, and application of science and technology. In line with the work arrangements of the provincial party committee and the provincial government, we should positively develop new high-technology industries, and use new and high technologies to transform traditional industries and cultivate new- and high-technology development centers. It is necessary to further foster a fine social practice of respecting knowledge

and skilled persons, to positively readjust the educational structure, and to vigorously develop the vocational and technical education. We should cultivate and train skilled persons according to the demands of the economic and social development. Simultaneously, we should also positively bring in skilled persons, particularly senior talented persons, from foreign countries and other provinces.

Fifth, we should persistently attend to the economic construction and the reform and opening-up work, and provide a powerful ideological and political guarantee for economic and social development. The ideological and cultural front will certainly be occupied by capitalism if socialism does not occupy it. Only when we firmly grasp the central link of ideological education can we fully arouse the socialist enthusiasm of the people. The fundamental reasons why some 10 enterprises, that I inspected this time, ran themselves well are that they have united leading bodies that get right on their jobs, do pioneering work, and blaze new trails, that they have powerful ideological and political workers, and that their staff members and workers have a fine mental outlook.

After conducting the socialist ideological education within a concentrated period of time, the rural areas should regularize and institutionalize the education. At present, the urban areas should concentrate efforts on conducting the socialist ideological education within an appropriately longer period of time. The 70th anniversary of the founding of the CPC falls on this year. We should deeply conduct the education on the fighting history of the party, the revolutionary traditions of the party, and patriotism. By conducting the socialist ideological education and the activities of marking the 70th anniversary of the founding of the CPC, we will comprehensively promote the progress of the ideological and political work, further strengthen the party building, particularly intensify the building of leading bodies at various levels. Work will certainly be improved if we attend to the building of leading bodies. In general, most leading bodies should concentrate their efforts on upgrading their ideological and leadership levels.

Sixth, we should consciously improve work style, do more concrete deeds, and firmly attend to the implementation of principles and policies. At present, some practical problems in need of solution exist in the agricultural, industrial, tertiary industrial, the people's livelihood, and ideological and political spheres. The grass-roots cadres and people urgently hope that leaders and party and government cadres at various levels will be able to help them eliminate more worries and difficulties. Cadres at various levels across the province, particularly leading cadres, should carry forward the work style of paying no lip service, stressing real work efficiency, and doing more practical work; further extricate themselves from mountains of documents and loads of meetings; go deep to the grass roots and reality; do their work solidly; and implement the party's principles and policies and various tasks to the letter.

Comrade Jiang Chunyun also talked with some city, district, town, and township comrades on the issues of strengthening the urban construction and the construction of township-level political power.

Celebrates Children's Day

SK0206041691 Jinan Shandong People's Radio
Network in Mandarin 2200 GMT 1 Jun 91

[Excerpt] Jinan, the beautiful capital of the province, was shrouded in a fine drizzle on the morning of 1 June. But, the provincial women and children entertainment center, located at the foot of (Yingxiong) Mountain, was decorated with bright and beautiful colors. More than 1,000 children, dressed in their holiday best, cheerfully gathered there to warmly celebrate the festival of their own—June 1st International Children's Day.

Despite the rainfall, some provincial leaders celebrated the festival together with the children at 0900. They include Jiang Chunyun, secretary of the provincial party committee; Gao Changli and Ma Zhongcai, deputy secretaries of the provincial party committee; (Gu Jinning), chairman of the Song Qing Ling Foundation; Lu Maozeng, member of the CPC Central Committee living in Jinan; Li Farong, member of the Central Discipline Inspection Commission living in Jinan; Cai Renshan, deputy political commission of the Jinan Military District; Tan Fude and Wang Huaiyuan, members of the Standing Committee of the provincial party committee; Liu Peng, vice chairman of the provincial Advisory Commission; Wang Chengwang, Wang Runzhai, Zhu Yongshun, Sun Shuzhi, and Li Yu, Standing Committee members of the provincial Advisory Commission; Xu Jianchun, vice chairman of the Standing Committee of the provincial People's Congress; Wang Jiangong, vice governor of the provincial government; Ding Fangming, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference; Zhang Jingtao, Song Yimin, Zhu Qimin, Ma Changgui, and Han Bangju, special advisers to the provincial government; and Zhao Lin, Gao Keting, Wang Jinshan, and Sai Feng, veteran comrades of the province.

On behalf of the provincial party committee and the provincial government, Ma Zhongcai, deputy secretary of the provincial party committee, extended festive greetings to the little friends who joined the celebrations as well as all children and youngsters of the province, and also extended lofty respects and cordial greetings to teachers of primary and middle schools and kindergartens who are loyal to the educational cause of the party and cautiously cultivate the flowers of the motherland and to the departments and personages of all social circles who are concerned for and support the development of the undertakings relating to children and youngsters. [passage omitted]

Yantai Named Pilot City for Importing Expertise

SK2805081191 Jinan DAZHONG RIBAO
in Chinese 22 Apr 91 p 3

[By Yanwen (1750 2429): "State Council Designates Yantai as 'City for Comprehensive Experiment of Importing Intellectual Resources From Abroad'"]

[Text] The Qishan Glass Fiber Reinforced Plastic Plant in Zhaoyuan County was formerly a small plant capable of producing merely tiles and pipes made of glass fiber reinforced plastic. Since 1986 when the plant began to invite experts from Canada and Britain to give guidance, it has developed glass fiber reinforced plastic pipes, jugs, equipment, and ships of more than 20 varieties, and increased its annual output value from 250,000 yuan to more than 2.3 million yuan, an increase of nearly 10 times.

This was only an example in Yantai City's import of intellectual resources from abroad. According to the statistics compiled by the end of 1990, the ratio of the city's input in the import of intellectual resources from abroad to the output was 1 to 34. The import of intellectual resources from abroad has brought considerable benefits to Yantai City. Over the past five years, over 200 foreign experts brought in by the city have put forward more than 100 rational production proposals to help enterprises improve more than 40 production measures, train more than 1,500 technical support personnel, and develop more than 30 new products. The city has increased the volume of the goods ordered by foreign countries by 57 million yuan, and earned \$25 million, and the direct profits total 41 million yuan. The State Council recently decided to designate Yantai City as the "city for comprehensive experimentation with the importation of intellectual resources from abroad." Yantai City has brought in experts from abroad particularly to develop local resource advantages. It has decided on 10 key projects, including comprehensively developing a series of apple products, breeding marine products, processing, exporting, and developing equipment for gold mining, which involve fruit production, foodstuffs, wine production, machinery, electronics, watch-making, leather goods, glass, feed, textiles, and aquatic product industries. At present, the city has established a foreign expert bank of 1,500 foreign experts.

Laizhou Promulgates Foreign Investment Regulation

OW2405082191 Beijing XINHUA in English
0653 GMT 24 May 91

[Text] Beijing, May 24 (XINHUA)—Laizhou, the hometown of many Overseas Chinese, which is located in eastern Shandong Province, recently promulgated a new regulation to offer favourable policies to attract overseas investment.

The overseas edition of "PEOPLE'S DAILY" [RENMIN RIBAO] reported today that the new regulation cover the supply of materials and the use of foreign exchange, as well as provisions for import and export licences and tax reductions.

Local authorities said that they intend to provide as best service as possible to every overseas businessman who invests in the city.

In 1988, Laizhou was listed by the central government as one of the key coastal regions to open to the outside world and participate in economic co-operation.

Since that time, firms from more than a dozen countries and regions have visited the city seeking business opportunities, and have signed 37 major investment contracts valued at over 35 million U.S. dollars, according to the daily.

The city plans to speed up construction of ten farm production bases, including those producing peanuts, prawns, chickens and fine corn. In addition, greater effort will be made to produce export-oriented products, including textiles, machinery, instruments, and arts and crafts.

Southwest Region

Guizhou's Liu Zhengwei Attends Scientists' Forum

HK3105065591 Guiyang Guizhou People's Radio Network in Mandarin 2200 GMT 30 May 91

[Text] This morning, our province's deputies to the Fourth National Congress of China Association of Science and Technology held a forum attended by leaders of all the five principal provincial leading organs in the auditorium of the provincial association of science and technology.

Provincial party and government leaders, including Liu Zhengwei, Wang Chaowen, Zhang Yuhuan, Miao Chunting, (He Renzhong), Hu Kehui, Liu Hanzhen, (Yan Ronggui), and Liu Yulin, attended the forum at which they listened to the report given by our provincial delegation as well as the speeches made by our provincial deputies.

After giving a detailed report on the recently concluded Fourth National Congress of China Association of Science and Technology, (Zhuo Anguo), leader of our provincial delegation, went on to advance opinions on how to implement the spirit of the national congress; give more scope to the superiority of the provincial association of science and technology, which has a large number of well-qualified personnel specializing in a variety of fields; and make contributions to Guizhou's development by relying on advanced science and technology.

(Sun Rensheng), (Liang Guofan), (Li Guilian), and other deputies of our provincial delegation to the Fourth Congress of China Association of Science and Technology also spoke at the forum, one after another. In their speeches, they put forward many good plans and proposals aimed at adhering to science and technology as the first productive forces, pushing ahead with economic construction by relying on advanced science and technology, improving the quality of laborers, and further mobilizing the enthusiasm and creativity of scientific and technological personnel throughout the province.

The provincial leaders attending the forum also made speeches at the forum.

Anti-Chinese Demonstrations Reported in Lhasa

OW0406094291 Tokyo KYODO in English 0924 GMT 4 Jun 91

[Text] Kathmandu, June 4 KYODO—Anti-Chinese demonstrations were held in Lhasa in late May despite heavy security arrangements, according to reports reaching here from the Tibetan capital.

The reports were brought out by foreigners who, although not allowed in central Lhasa for four days, starting May 22, were later told about the protests by local Tibetans.

Among the foreign sources were French and U.S. tourists who returned here after a weeklong visit to Tibet.

According to the reports, Lhasa's famed Jokang Monastery and its vicinity were sealed off by the Chinese army and police to stave off protests.

The monastery has long been the center of anti-Chinese protests by Tibetan monks and students.

On May 25, a group of students of the Lhasa University were joined by some monks from the Ramoche Monastery when they began a protest march.

As they arrived at the local meat market on the way to Jokang, the protesters were charged by the Chinese security personnel.

One monk was stabbed and died immediately, while eight other monks and an unknown number of students were arrested.

They were taken to the Gutsa prison, locally known as the "torture house," according to the reports.

Shops in Lhasa remained closed on May 27 as a mark of protest.

There were also small anti-Chinese demonstrations on May 23 and 24, according to rumors making the rounds in the Tibetan capital, the reports said.

China officially observed May 23 as the day of "liberation" of Tibet, while the day was commemorated by Tibetan exiles as a day of mourning.

It was on May 23, 1951 that China sent its army to take control over Tibet.

Ngapoi Labels Independence Claims 'Groundless'

OW0406202591 Lhasa Tibet Television Network in Mandarin 1200 GMT 4 Jun 91

[From the "Tibet News" program]

[Text] Ngapoi Ngawang Jigme, vice chairman of the Standing Committee of the National People's Congress

and chairman of the Standing Committee of the Tibet Autonomous Regional People's Congress, gave an interview to Colombian television reporter Hector Mora at the Tibetan Reception Hall of the Holiday Inn in Lhasa on the afternoon of 3 June. During the interview he said: Of China's five autonomous minority nationality regions, the Tibet Autonomous Region enjoys the greatest autonomy.

Responding to Mr. Mora's question about the Central Government's assistance to the local government of Tibet, Ngapoi said: Due to its poor economic foundation, Tibet cannot be self-sufficient. Owing to this, the central government, from 1952 to the present, has allocated some 17.7 billion yuan to the region of Tibet. In particular, by 1985, the 20th founding anniversary of the Tibet Autonomous Region, 43 projects had been built in Tibet with assistance from the central government and from 16 provinces and municipalities in the country. Even now, the central government, though strained financially, continues to invest in Tibet's construction.

In answer to Mr. Mora's question about what autonomous rights are enjoyed by Tibet as an autonomous region, Vice Chairman Ngapoi said: China has many minority nationalities, five nationality autonomous regions, and more than 20 nationality autonomous prefectures. The central government has enacted the Law on Regional National Autonomy. The Tibet Autonomous Region enjoys the greatest autonomous rights.

Mr. Mora said to Vice Chairman Ngapoi Ngawang Jigme: You are a very important figure in Tibet. What is your stance toward Tibet's independence, as proposed by some people?

After recalling Tibet's history, Vice Chairman Ngapoi said: It has been some 700 years since Tibet was officially included in the Chinese territory and became an inseparable part thereof when the Yuan Dynasty unified China. Since that time, the central government and the Tibetan local government have been tied in a hundred and one ways. The historical facts prove that the so-called Tibetan independence is entirely groundless and unreasonable.

During the interview, Vice Chairman Ngapoi also replied to other questions raised by Mr. Mora. Before concluding the interview, he asked Mr. Mora to convey his regards to the Colombian and other Latin American people. After the interview, Vice Chairman Ngapoi presented a hada [a piece of white silk] and other gifts to his guest as a traditional Tibetan courtesy.

Present at the interview were Tudao Doje, vice chairman of the Tibet Autonomous Region; Qu Jia, director of the autonomous regional foreign affairs office; Gong Liefu, deputy director of the autonomous regional foreign affairs office; and Liao Jikang, deputy director of the autonomous regional department of culture. [Video shows Ngapoi and Mora speaking; Ngapoi putting a piece of white silk around Mora's neck and giving him other gifts]

Gyaincain Norbu Meets Children's Workers

OW0206142791 Lhasa Tibet Television Network
in Mandarin 1200 GMT 1 Jun 91

[From the "Tibet News" program]

[Text] The second regional conference for commending advanced units and individuals in work with children was held ceremoniously in Lhasa on the afternoon of 31 May.

The regional leading group for work with children and the regional women's federation commended 14 advanced collectives, 61 advanced workers, 24 outstanding parents, and 16 enthusiasts at the meeting.

Regional party and government leaders Gyaincain Norbu, Zhang Xuezhong, (Cao Xu), Sengqen Lozong Gyaincain, Lhamin Soinam Lhunzhub, and Tangmai Gongjue Baimu, as well as Ngapoi Cedain Zhoigar, vice president of the All-China Women's Federation and honorary chairman of the regional women's federation, attended the commendation meeting and presented honorary certificates and prizes to the outstanding collectives, individuals, parents, and enthusiasts.

In order to carry out work with children in Tibet more effectively, Gyig Puncog Cedain, head of the regional leading group for work with children and vice chairman of the regional government, put forward a four-point requirement at the meeting: 1) Governments at all levels should exercise more effective leadership over work with children; 2) All localities and departments should take their actual conditions into consideration, and perform more practical and useful deeds for the children by adopting measures suitable to local situation; 3) Member-units of the leading group for work with children should fully discharge their responsibilities and coordinate their efforts to make sure that the family, the society, and the school all pay attention to working with children and work together to bring this work to a new height in Tibet; and 4) Government departments at all levels should actively provide facilities for carrying out work with children, and strive to solve practical difficulties and problems in actual work.

Life of Muslims Living in Tibet Viewed

OW0106053191 Beijing XINHUA Domestic Service
in Chinese 0423 GMT 31 May 91

[By Jiang Zuozhong (3068 1563 0022) and Zhuo Ma (0587 3854)]

[Text] Lhasa, 31 May (XINHUA)—In their letters to Tibet's television and radio stations in recent two years, Lhasa citizens and north Tibet's herdsmen would most likely request songs contained in the album "Songs of the Holy Land." Seldom do they know that these songs, savored as Tibetan music, were composed by two Muslims.

Lhasa, is renowned at home and abroad as a holy land of Buddhism, but a group of Muslims have lived right in this holy land of Buddhism for hundreds of years.

According to the figures of the fourth population census, among the 300,000 and more people living in Lhasa, there are 2,476 Muslims of the Hui, Dungxiang, Uygur, Sala, and Kazakh nationalities. There are nearly 1,000 Muslims from Gansu, Qinghai, and other places living here as workers or businessmen. Imam Muhammad Haisan, a priest of the Tibet Great Mosque—the largest in Lhasa—said: There were Muslims living in Lhasa as early as the end of the 11th century. In the more than 800 years since then, Muslims from inland provinces like Gansu, Ningxia, Sichuan, and Yunnan, as well as from Kashmir and Nepal moved to live in Lhasa.

The religious life of these Muslims has been fairly normal in this holy land of Buddhism. Imam Haisan, aged 68, said: "At present, there are five mosques in Lhasa, with six imams. The oldest imam is 84 and the youngest is 28. In addition to more than 2,000 Muslims of the Hui, Dungxiang, and other nationalities permanently living in Lhasa, Muslims who come here as workers and businessmen also go to mosques here to pray and hear sermons. Imams here often use the Arabic, Tibetan, and Chinese languages alternatively in their preaching, since most visitors do not understand the Tibetan language.

Despite of the fact that the number of Muslims of the Hui, Dungxiang, and other nationalities are small, like people of the Tibetan, Han, and other nationalities, they participate in all kinds of national and regional affairs, and win respect from others by their fine moral practice and work results. Among the deputies of the Fifth Tibetan Autonomous Regional People's Congress, 108 deputies are from the Lhasa constituency. Among these 108 deputies, five are of the Hui nationality, accounting for 4.6 percent, higher than its population ratio. Among leading cadres, experts, and scholars at county and prefectural level, a dozen are of the Hui nationality. In addition to working in state organs, institutions, and enterprises, most of Lhasa's Muslims earn their living as restaurant owners, butchers, commodity sellers, and tailors. According to the data provided by Lhasa's Industrial and Commercial Administration Bureau, there are 440 individual business households in Lhasa city, with nearly 500 workers.

Nowadays, Lhasa's Muslims live and work harmoniously with the Tibetan people. Some Muslims even have married people of the Tibetan and Han nationalities, thus creating even more harmony.

Yunnan's Pu Chaozhu Makes Children's Day Speech

HK0106053891 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 30 May 91

[Broadcast speech by Pu Chaozhu, secretary of the Yunnan Provincial CPC Committee, in celebration of the 1 June International Children's Day—live or recorded]

[Excerpts] Comrades, little boys and girls,

At a time when the 1 June International Children's Day is arriving soon, on behalf of the provincial party committee and government, I extend festival greetings to the broad masses of juveniles and children throughout our province. I also pay lofty tribute and convey warm greetings and appreciation to the teachers and comrades engaged in children-related education work. In the course of our socialist spiritual civilization building, we are pleased to have witnessed phenomenal achievements in our juvenile education work. [passage omitted]

The broad masses of comrades engaged in juvenile education work have successfully lived up to what the party and the people expected of them, worked diligently and assiduously in a down-to-earth manner, and overcome enormous difficulties one after another. Your hard work has been understood by the people and respected by society as a whole. A large number of retired veteran comrades also have devoted their remaining energies to the great cause aimed at fostering a younger generation of successors. The broad masses of People's Liberation Army [PLA] officers and soldiers have done many realistic things beneficial to the healthy growth of juveniles and children and thus have become the most lovely people in the eyes of children. All quarters of society, as well as people from all walks of life, also have warmly and enthusiastically done a lot of work conducive to the growth of juveniles and children.

Since the Third Plenary Session of the 11th Party Central Committee and in more than a decade of reform, we have scored significant successes in all fields. Fundamental changes also have taken place on various fronts. The next decade is a crucial period in which our country will strive to build socialism with salient Chinese characteristics. Now our country's economic development has entered a new period, while our country's opening up to the outside world has been given an excellent opportunity that was unknown in the past. Meanwhile, we also are faced with a long-term and complex struggle to oppose peaceful evolution. The destiny of our country, our nation, and our socialism therefore hinges on a new generation of young people. The juveniles and children are the future of our motherland, as well as the flowers of our socialism. Our work of fostering socialist successors should begin with juveniles and children. Schools, families, and society all shoulder an unshirkable duty in this connection. Education departments at all levels, secondary and primary schools, and kindergartens must implement the principle of comprehensively developing moral, intellectual, and physical education; further straighten out their guiding ideology for running schools; and firmly grasp each and every link of education work.

Primarily, we must carry out positive education among juveniles and children by employing methods most favored by them and by proceeding from the simple to the difficult. We must make persistent efforts to carry out education on China's modern history and current national conditions among juveniles and children with a view to heightening their national self-respect and self-confidence, enabling them to more deeply love our

socialist motherland and the CPC, cultivating a spirit of collectivism among them, and also cultivating among them while they are young a fine ideology of working for the interests of others, of the collectives, and of the people; a fine habit of loving labor, respecting working people, and valuing the fruits of labor; and a fine quality of fearing no hardships, studying diligently, and bravely creating new things. [passage omitted]

Party and government leading organs, departments concerned, Communist Youth League [CYL] organizations, women's federations, and various other types of social organizations at all levels must make due contributions to protecting juveniles and children. The public health departments should strengthen children-related health protection work. The whole society should cherish, educate, and set fine examples for, as well as do realistic things for children; further develop the spirit of people's education run by the people; and create a fine learning and social environment conducive to the growth of juveniles and children in hopes of training them into socialist successors. [passage omitted]

We believe that with the common efforts made by the whole party, the whole society, and the people of all nationalities in the whole province, the cause of our great motherland's children will witness more rapid development, while our juveniles and children will grow more healthily and sturdily.

Finally, I wish a happy holiday to the juveniles and children of all nationalities in our province, and hope that they will continue to make progress every day. Thanks to all of you!

Yunnan Drug Abuse, Trafficking Laws Take Effect

*OW3105090691 Beijing XINHUA in English
0710 GMT 31 May 91*

[Text] Kunming, May 31 (XINHUA)—Southwest China's Yunnan Province issued regulations yesterday banning drug abuse and trafficking.

The regulations, which were approved by the provincial people's congress on May 27, 1991 and made effective yesterday, stipulate that traders and traffickers in opium poppy seeds, sprouts, and nuts will be held in custody and fined. The opium poppy plants and other drug-producing plants will be confiscated and destroyed.

The regulations also stipulate that drug abusers will be held in custody or fined by public security organizations. In addition, drug addicts will be ordered to get over their dependency in limited amount of time.

The National People's Congress (China's supreme legislature) passed national regulations banning drug abuse and trafficking last year.

Yunnan Province borders Vietnam, Laos and Myanmar [Burma], and is close to the drug-producing "Golden Triangle" region in Southeast Asia.

Hong Kong

Over 10,000 Protest During Tiananmen Anniversary

HK0306025291 Hong Kong SOUTH CHINA
MORNING POST in English 3 Jun 91 p 1

[By Keng Chen, Helen Signy]

[Text] A group of 100 student demonstrators clashed with police last night at the end of a peaceful march by more than 10,000 people commemorating the second anniversary of the June 4 Tiananmen Square massacre.

Members of the Hong Kong Federation of Students attempted to break through a police cordon to deliver two coffins to the front door of the headquarters of the local branch of the New China News Agency (NCNA).

The student procession was declared to be unlawful and although no one was arrested the police said they might consider taking action against the activists later.

The scuffles developed after the march, organised by the Hong Kong Alliance in Support of the Patriotic Democratic Movement in China, ended at 6.45 pm outside the NCNA in Happy Valley.

The students led by the federation's secretary-general, Miss Wong Ching-man, and supported by members of the strident April 5th Action Group and others, carried two cardboard coffins, symbolising the death of dictatorship.

They tried several times to push through the barrier manned by 50 officers, but failed. They then sat down on the road in protest against the police move.

One student later complained that he had been injured in the incident.

The Wan Chai District Police Commander, Chief Superintendent Lionel Lam Kin, explained that when the alliance's procession ended at 6.45, its licence expired.

Mr Lam said police did not take immediate action to disperse the crowd to avoid worsening the situation. But he said the police might consider taking action against offenders.

Student leader Miss Wong said they were disappointed by the police action and denounced what she said was collaboration between the Chinese and British governments in suppressing their demonstration.

By about 9.15, only a group of about 20 students remained to make a last bid to place the mock coffin at the NCNA's door.

Police surrounded the group and linked arms forming a human barrier to prevent the students from approaching the building.

But after an hour of negotiations, the police allowed the group to leave the coffin on the steps and the students dispersed.

Compared with previous mass marches in relation to the June 4 tragedy, this year's procession was relatively moderate, as the organisers no longer led the crowd to chant slogans for the downfall of the "Deng, Li, Yang clique".

The police estimated 10,000 people joined yesterday's demonstration while the alliance claimed that as many as 50,000 had participated.

Before starting the march, chairman of the Alliance, Mr Szeto Wah, told the crowd there was an encouraging sign that international attention had recently linked Hong Kong's democracy with China's.

He said the world had started to pay attention to Hong Kong democracy, human rights and rule of law.

Led by Mr Szeto and other alliance leaders, Mr Cheung Man-kwong, John Sham, Mr Martin Lee Chu-ming and Mr Lee Wing-tat, the demonstrators marched past Wan Chai, Causeway Bay, Victoria Park and returned to the NCNA headquarters in Happy Valley.

The alliance will hold a candle light vigil at Victoria Park tomorrow night and will set up a monument for the public to pay their tribute to the dead pro-democracy activists from 8 am to 8 pm.

Protest at XINHUA Office

HK0406021891 Hong Kong HONGKONG STANDARD
in English 4 Jun 91 p 1

[By Yusuf Karamdin]

[Text] Tensions flared briefly last night when two pro-democracy supporters broke through police lines and ran towards the sealed entrance of the Xinhua News Agency in Causeway Bay.

Police chased the men and escorted them back across the street as the pro-democracy supporters shouted "police brutality, police brutality".

Earlier, police allowed individuals from the group of 20 people who maintained an overnight vigil outside the agency to lodge a written or verbal protest at the office entrance.

Each protester was allowed a maximum of three minutes at the entrance before they were escorted back across the street.

The students had observed a minute's silence at altars set up outside the news agency when clocks struck midnight.

Members of the April 5 movement were joined by 50 marchers from the Hong Kong Federation of Students who set out from Mong Kok at 8.30 pm.

When the group disembarked from the Star Ferry on Hong Kong Island they were stopped by police who said their march was illegal.

The students ignored the instruction and were warned that using a loudhailer without a permit was illegal.

When the protesters reached the Xinhua offices they set up altars to pay homage to students killed during the June 4 crackdown in 1989.

A police spokesman said the disciplinary forces had been very tolerant towards students throughout the protest march.

Release of 'Goddess of Democracy' Statue Sought

HK0406022091 Hong Kong SOUTH CHINA
MORNING POST in English 4 Jun 91 p 1

[By Denise Wong]

[Text] A potent symbol of the June 4 crackdown, the "Goddess of Democracy" statue, languished in a Hong Kong warehouse overnight as commemorative protests on the second anniversary of Tiananmen Square reached a peak in the territory.

Customs and Excise officials insisted it was normal procedure to inspect cargo, but "Goddess" owner, Wu Mengwu, insists Beijing and Hong Kong have blocked its arrival.

The angry Taiwanese owner of the former democracy ship, "Peace," yesterday said he would protest to the Hong Kong Government for "bowing to China pressure" in hindering the statue's unloading.

The statue arrived in Hong Kong aboard "Peace" on Saturday. Mr Wu intended the statue to be a focal point for June 4 pro-democracy protests in the territory.

When the freighter arrived, Customs and Excise official checked all 300 items of cargo for smuggled goods.

They let the shipping agent unload the cargo yesterday, but still retained all goods for inspection. The shipping agent's spokesman said he had been given no specific date for the inspection.

In response to questions from the press, the Customs and Excise people gave the standard reply of "we do not comment on individual cases".

Editorial Examines Effects of PRC Events

HK0406021091 Hong Kong HONGKONG STANDARD
in English 4 Jun 91 p 12

[Editorial: "Ghost of June 4 haunts future"]

[Text] The blood that was shed in Beijing on this day in 1989 has not been forgotten, nor should it be.

The crackdown was too brutal, too dramatic and too public and the emotions it stirred too deep for it to be easily erased.

It must inevitably colour history's judgment of Deng Xiaoping, reformer turned butcher, and the views of

other nations when they judge China's legitimacy as a member of the international community.

China, nonetheless, remains on a reformist path and its doors remain open, even if the pace of change has slowed, controls are tightened and the doors are not flung open as wide as they were.

If the process continues, as seems inevitable, Mr Deng's role as the man who launched the process more than a decade ago will have to be recognised, despite the tragic way in which it went, we hope temporarily, wrong.

Despite skirmishes, such as the current debate over most-favoured-nation status for China in the United States, other nations are getting on with the task of building a new relationship with Beijing, albeit in a more realistic and cautious frame of mind than before.

Hong Kong desperately needs to find a way of doing the same.

There is still freedom of speech in this British colony and if people here wish to mark the anniversary with marches, speeches and protests they must be allowed to do so, provided their actions do not lead to violence.

But the fact remains that the slogan-shouting and scuffles we have witnessed in the past two days are not just futile but also potentially damaging to the interests of Hong Kong people whose future depends on building a working relationship with the country upon whose vast rump we are, realistically, little more than a pimple.

For Hong Kong, the most damaging aspect of the Tiananmen tragedy and its aftermath was the way in which it deepened the chronic suspicion and mistrust that has so often coloured relations between Hong Kong and China.

That suspicion is nowhere more evident than in the current stalled airport talks, which have developed into an impasse that appears about to cause the huge, futuristic project to founder.

Whether the Government is serious about putting the airport—which China wants as much as Hong Kong does—"on ice", or whether it is playing what may be its last bargaining chip by threatening to do so, remains to be seen.

But the stakes in terms of the type of society we will have after 1997 and the level of Beijing's influence in its affairs are enormous.

If—to use a phrase employed by proponents of the British nationality package—"things go wrong" the unpalatable fact is that Beijing may succeed in using the issue to secure a degree of intervention before 1997 greater than was originally envisaged after 1997.

The Beijing government's difficulties in controlling its free-wheeling coastal provinces must add to the horror with which it contemplates ultra-free-wheeling Hong Kong.

On this June 4, then, six years and 26 days before the lease runs out and everything changes forever, the view ahead remains murky.

Much depends on the future direction of political events in Beijing, and what happens after the death of Mr Deng.

In terms of the task in hand, six years would be a short time even if everyone was agreed on the ground rules and the way ahead was clear.

Deng Gives Instructions on Airport, Politics

HK0506044391 Hong Kong CHING PAO in Chinese
No 167, 10 Jun 91 p 11

[Article by Wen Chun-Szu (2429 5028 1835): "Deng Xiaoping's Instructions on Hong Kong Airport Project"]

[Text] Deng Xiaoping, who put forward the idea of "one country, two systems" for settlement of the Hong Kong issue, has always been very concerned about the airport talks between China and Britain. The State Council's Hong Kong and Macao Affairs Office always asks Deng Xiaoping for instructions on major policy decisions. On 16 May, two days before the Sino-British airport talks were resumed, Deng Xiaoping called together Ji Pengfei and Lu Ping at Zhongnanhai; Yang Shangkun and Qiao Shi were present, as well. After hearing the report by the Hong Kong and Macao Affairs Office on the progress of the airport talks, Deng Xiaoping gave the following speech.

Hold Talks One or Two More Times If There Remain Some Differences

Deng Xiaoping said: We should try our best to resolve the question of Hong Kong's new airport at an early date and put the minds of the Hong Kong people at ease. On the airport issue, we take an open and aboveboard position, which has taken into account the present and future interests of Hong Kong compatriots. In everything we do, we never hide our viewpoints. It is our responsibility to look after the immediate interests of Hong Kong compatriots. Of course, we hope the problem can be resolved at the talks held this time. Let's not worry if there remain some differences. We can hold talks one or two more times, and somehow a satisfactory solution can be found!

Come Into More Contact With People From All Sectors

Deng continued: It is reported that the fluctuations on the Hong Kong stock market are affected by the airport issue. It was said some time ago that my health also influenced the stock market. We can see from this that the people of Hong Kong are very sensitive. There are many reasons for this. We should strengthen contacts and exchange views with all sectors of people in Hong Kong.

We should tell Hong Kong compatriots: Do not worry. The transition in 1997 will be smooth and the future Hong Kong Special Administrative Region [SAR] Government will be able to build Hong Kong into a city more prosperous and developed than it is today.

We should also tell the entrepreneurs, financiers, and foreign businesses investing and developing Hong Kong: You can continue to expand your businesses and make a fortune in Hong Kong.

We should tell the professional people and government officials working in Hong Kong as well: The future SAR government needs you. You should create the wealth of the new Hong Kong, and you can rest assured and continue to use your talents and skills. Hong Kong is very promising. After 1997, the central government will, in various aspects, promote and maintain Hong Kong's status as an international economic and financial center.

Political Struggle Not Allowed

Deng also said: Many people in Hong Kong have another worry, that is, some people engage in politics in the left or right direction to influence and pull Hong Kong from both directions. For the sake of the fundamental interests of 6 million Hong Kong compatriots, Hong Kong will, no doubt, not allow the extremely small number of people to engage in political struggle. We have already urged and reminded this extremely small number of people many times. We do not expect any political trouble during Hong Kong's transition period and in 1997, which would affect Hong Kong's international status. Still less do we hope to see the interests of 6 million Hong Kong compatriots being hampered. These are what those who genuinely love the motherland and Hong Kong expect.

Yang Shangkun also said: Hong Kong's entrepreneurs, professional people, and foreign businesses are particularly worried about the extremely small number of people's engagement in political struggle which would throw Hong Kong into chaos.

New UK Envoy Says Hong Kong 'First Priority'

HK0206052291 Hong Kong Commercial Radio
in English 0400 GMT 2 Jun 91

[From the "News at 1200" program]

[Text] Newly appointed British Ambassador to China Robin McLaren says matters concerning Hong Kong will be among his most important tasks. He arrived in the territory this morning and will leave for Beijing on Wednesday.

[Begin McLaren recording] I think my, as I say, my first priority is going to be to seek to establish a constructive, cooperative relationship over Hong Kong, but of course as British ambassador, I should also want to be strengthening the Sino-British relationship in other ways, and I shall have need to do my best to assist the efforts to British firms wishing to do business in China. That is what any ambassador needs to do. [end recording]

Mr. McLaren replaces Sir Alan Donald. He has long been involved in Hong Kong affairs, having served here as political adviser and heading the British side in the Joint Liaison Group.

Meanwhile, senior legislator Alan Lee says he hopes Mr. McLaren will be able to solve the dispute with China over the new airport scheme. He is hopeful that contacts through diplomatic channels will help to settle the differences between London and Beijing. Mr. Lee and fellow legislators will have dinner with Mr. McLaren this evening to inform him of their views on the issue.

MFN Lobbying Coordination With PRC Urged

HK0406021491 Hong Kong HONGKONG STANDARD (BUSINESS STANDARD) in English 4 Jun 91 p 1

[By Sandy Li]

[Text] The Federation of Hong Kong Industries called yesterday for better coordination between the Hong Kong and Beijing governments in lobbying for the renewal of China's most-favoured-nation [MFN] status by the United States.

Deputy chairman Henry Tang said renewal would be no problem this year, but industry worried about extension the following year.

More U.S. Congressmen favoured conditional renewal this year than last year.

"I believe President Bush will only win marginal support for an unconditional renewal of MFN," he said. "The lobbying effort will be more difficult in coming years."

Mr Tang said the Chinese government's inexperience in lobbying and unfamiliarity with the U.S. mentality might make things worse when dealing with Congress.

Its good intentions might be viewed as negative by Congress due to its unskilled public relations work.

The governments of Hong Kong and China should have more consultation in lobbying the US.

Hong Kong and China had become inseparable as most local industries shifted their operations across the border.

"If we relocate operations to other countries such as Thailand, our competitive ability is immediately eroded," he said. "It is just like committing suicide."

He said manufacturers from Hong Kong and Taiwan would continue to expand their investment in China despite the uncertainties about its trading status.

Manufacturers had explored other markets but nowhere else had the consuming power of the U.S.

In spite of continuing demand for textile products in Eastern Europe, the low standard of living there weakened its consuming power.

Dailies Analyze 'Real Cause' of High Inflation

OW3005211191 Beijing XINHUA Domestic Service in Chinese 1439 GMT 30 May 91

[Text] Hong Kong, 30 May (XINHUA)—TA KUNG PAO and WEN WEI PAO here point out in their editorials today that the real cause of Hong Kong's high inflation lies with the Hong Kong Government's big increases in public spending, and not the "wage increases" and "labor shortage." They say the fundamental way to fight inflation is to tighten public spending. This is akin to removing the burning firewood from under the cauldron. Ineffective measures, resembling the scratching of an itch from outside the boot, are tantamount to adding fuel to the flames.

The TA KUNG PAO editorial points out: Hong Kong's high inflation is caused by policy. It is triggered primarily by the Hong Kong Government's excessive spending. While the actual total value of Hong Kong's output during the last five years declined from 11.9 percent to 2.4 percent, the inflation rate soared from 2.8 percent to 9.8 percent. The Hong Kong Government's spending in recent years has exceeded the growth of total production values in Hong Kong. In terms of the proportion of Hong Kong's gross production values, the Hong Kong Government has increased its spending by two percentage points since 1986. This is equal to an additional expenditure of HK\$12 billion.

The editorial points out: What is even worse is, the Hong Kong Government has been trying to cope with inflation by substantially increasing taxes and fees, changing the traditional financial management policy of spending within its means to "charging the amounts needed for spending." While the Financial Department of the Hong Kong Government has predicted that there will be deficits during the next several years, it has also imposed an inflation ceiling of 6.5 percent. These two things cannot coexist.

WEN WEI PO points out in its editorial that Hong Kong's high inflation is caused by these Hong Kong Government policies: First, it has adopted a high land price policy, which has restricted the supply of land and jacked up the prices of living quarters. Second, it has turned service and welfare government departments into profit-making commercial departments, and arbitrarily set for them a 16-percent profit margin. Third, it has encouraged the subway, the light rail [trams], the Kowloon railway, and the bus companies to raise their prices. Fourth, it has substantially increased indirect taxes. Fifth, it has dramatically increased administrative expenditures by more than 20 percent over three consecutive years. Sixth, it has maintained the irrational policy of sheltering Vietnamese boat people, causing a waste of more than HK\$2 billion. Inflation will be hard to deal with if the Hong Kong Government does not change these policies.

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